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ABSTRACT

This document contains testimony from a congressional hearing on the proposed New GI Bill Continuation Act to provide for the continuation beyond the current eligibility expiration date of June 30, 1988. (The bill would make permanent the veterans' education program of the benefits program.) Testimony includes statements and prepared statements from individuals representing the Department of the Navy; U.S. Marine Corps; Air Force Sergeants Association; Association of the U.S. Army; Assistant Secretary of Defense, Force Management and Personnel; Veterans of Foreign Wars of the United States; U.S. Army; U.S. Air Force; Non Commissioned Officers Association; National Association of Veterans Program Administrators; American Association of Community and Junior Colleges; Association of Community College Trustees; Reserve Officers Association of the United States; National Legislative Commission; The American Legion; Paralyzed Veterans of America; Fleet Reserve Association; American Association of State Colleges and Universities; National Association for Uniformed Services; Disabled American Veterans; Principal Deputy Assistant Secretary of Defense, Reserve Affairs; American Veterans Committee; Veterans' Administration; and Vocational Rehabilitation and Education Service. The text of the bill is also provided. (YLB)

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S. Hrg. 100-87

NEW GI BILL CONTINUATION ACT

ED287992

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 12

FEBRUARY 4, 1987

Printed for the use of the Committee on Veterans' Affairs

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NEW GI BILL CONTINUATION ACT

WEDNESDAY, FEBRUARY 4, 1987

U.S. Senate,
Committee on Veterans' Affairs,
Washington, DC.

The committee met, pursuant to notice, at 9:13 a.m., in room SR-418, Russell Senate Office Building, Hon. Alan Cranston (chairman of the committee) presiding.

Present: Senators Cranston, Matsunaga, Rockefeller, Graham, Murkowski, Simpson, Thurmond, and Stafford.

OPENING STATEMENT OF CHAIRMAN CRANSTON

Chairman **Cranston**. The hearing will come to order. I welcome all of you who are present. This is the first hearing of the Committee on Veterans' Affairs in the historic 100th Congress. I am, of course, delighted once again to be serving as chairman, but I want to acknowledge the excellent work of Senator Frank Murkowski during his chairmanship of the committee and express my deep gratitude for the many courtesies he extended to me and others on our side during the last 2 years.

Working in a true bipartisan spirit, we compiled a fine record for our Nation's veterans. I look forward to working closely with Frank in his new capacity as ranking minority member. He and I and the majority and minority staffs on the committee will, I hope, continue to build on our tradition of bipartisanship and full and open communication.

It is thus fitting that our initial hearing in this Congress is on a bill that we introduced together, along with our fellow committee members, Senators Spark Matsunaga, Dennis DeConcini, George Mitchell, Jay Rockefeller, and Bob Graham, as well as Senators Ernest Hollings and Bill Cohen, with whom we worked very closely in 1984 in pursuing Senate passage and ultimately the enactment of the New GI Bill.

We are also joined, as cosponsors of S. 12, by Senators Paul Simon, Tom Daschle, and Frank Lautenberg.

I want to welcome back all the members of our committee from the 99th Congress, who are continuing to serve on this committee in the 100th Congress, and to greet warmly Senator Bob Graham, the committee's newest member, who I am sure will prove to be a tremendous asset.

Turning to the business at hand, this morning we will be hearing testimony on S. 12, the proposed New GI Bill Continuation Act, a bill to provide for the continuation beyond the current June 30, 1988 eligibility expiration date. Both the program of educational assistance for the members of the All-Volunteer Force under chapter 30 of title 38 and the program of educational assistance for members of the Selected Reserve under chapter 106 of title 10, together popularly known as the New GI Bill.

Under the current chapter 30 program, a servicemember entering on active duty for the first time during the 3-year period from July 1, 1985, through June 30, 1988, who does not decline to participate in the New GI Bill program is entitled to basic educational assistance benefits—generally, $300 a month for 36 months for a total of $10,800—in exchange for completion of a 3-year tour of active duty or for a 2-year tour of active duty and a 4-year reserve commitment. Alternatively, an individual who completes a 2-year tour of active duty without service in the Selected Reserve is entitled to 36 months of basic educational assistance benefits at $250 a month. These basic benefits are funded through and administered by the VA. In return, the servicemember incurs a nonrefundable, $100-per-month, reduction in pay during the first 12 months of the service period. In addition, the service branches may offer recruits various "kickers" and other enrichments in order to enhance recruitment in critical skill areas or to encourage longer enlistments. These supplemental benefits are administered by the VA but are paid for by the individual service branch.

Under the current section 106 program for the Selected Reserves, all reservists who enlist, reenlist, or extend for a period of not less than 6 years during the test period can receive a noncontributory educational benefit of up to $5,040 for undergraduate college education. These benefits are administered by the VA and paid for by the Department of Defense.

We are proposing to eliminate the July 1, 1988 deadline on participation, not only because of the great value of the New GI Bill as a tool for recruitment and retention in the All-Volunteer Armed Forces, but also because of its enormous worth as a readjustment benefit for members of our Armed Forces who elect to return to civilian life and as a highly beneficial and cost-effective investment in our Nation's human resources.

These educational benefits are truly a blue chip investment in the development of a more highly trained, productive, and competitive work force. Let me take just a moment to elaborate on the importance of our New GI Bill to our Nation.

First, I have long believed and continue to believe that we need to do everything necessary to avoid returning to conscription to meet our uniform services personnel needs. The last thing our Nation needs at this point, especially for its young people, is a return to the devisiveness that inevitably accompanies a military draft.

We already have preliminary data showing that the New GI Bill is a cost-effective means of getting high quality young people to enlist in our Armed Forces and Reserves. The New GI Bill now allows recruiters, for the first time, to penetrate the college-oriented market of young people that we need to operate our sophisticated weaponry and communications and other support equipment and to enhance our preparedness for the complexities of modern warfare.

Second, the New GI Bill puts higher education and training within the grasp of many who would not otherwise be able to afford it. This GI Bill, as with past GI Bills, will provide servicemembers who return to civilian life with an earned opportunity to catchup with their nonveteran peers, to gain the skills and training needed to compete in the civilian job market, as well as break out of the student debt cycle associated with pursuing higher education and training.

Third, the societal and economic values of the New GI Bill are enormous. The GI Bill may be the greatest investment our country has ever made, training more than 18 million veterans and providing $60 billion in educational benefits since World War II. It has contributed immensely to a healthy economy, returning $3 to $6 in increased productivity, earning power, and tax revenues for every $1 spent in GI Bill benefits. The educational assistance made available under the New GI Bill will contribute significantly to our vitality as a Nation and our strength as a world economic power by promoting greater productivity for our citizens and our national economy alike.

In my view, there is no reason to perpetuate any further the uncertainty about the future of this program. I believe it would be very difficult to design a better, more cost-effective program than the New GI Bill to keep our military forces strong while avoiding devisive conscription and to provide opportunities for our veterans and reservists to be better educated and more competitive in an increasingly technological society.

I ask unanimous consent that a copy of S. 12 and my introductory statement on it be printed at an appropriate place in the record of this hearing.

[S. 12 and the introductory statement appear on p. 55.]

Chairman CRANSTON. Before closing, I want to acknowledge and express my gratitude for the strong widespread support that today's witnesses have expressed for this measure. It is, of course, also very gratifying that the administration has reversed its view and joined in supporting the continuation of the New GI Bill. Unfortunately, the administration's official position is that funding of the basic benefits under chapter 30 should be shifted from the VA to DOD.

Given the clear role that the program has as an individual readjustment benefit, as well as a great investment in enhanced productivity for our Nation, along with its being a recruitment and retention tool, I see no reason to make this change. We have many witnesses this morning, and there is a great deal to cover in a limited amount of time. Thus, I would appreciate each witness's cooperation in limiting his or her oral presentation to no more than 5 minutes.

Finally, I note that Tom Daschle is our leadoff witness this morning. Tom served with distinction on the House Veterans' Affairs Committee and helped our great and good friend, Chairman Sonny Montgomery, to make the New GI Bill a reality. Tom, we are delighted to have you with us in the Senate as a forceful advocate for veterans, especially Vietnam veterans, and to welcome you as our leadoff witness at our first hearing of the 100th Congress.

I am delighted first to recognize Senator Strom Thurmond, a great friend of veterans and a leader in efforts to establish the New GI Bill. I presume you may have some opening remarks.

OPENING STATEMENT OF SENATOR THURMOND

Senator **Thurmond**. Thank you very much, Mr. Chairman.

Mr. Chairman, it is a pleasure to be here for the first meeting of the Veterans' Affairs Committee in 1987 to receive the testimony on S. 12, The New GI Bill Continuation Act. Mr. Chairman, I want to commend you for scheduling hearings on this legislation early in the 100th Congress. The legislation would make the current 3-year test program, popularly known as the "New GI Bill," permanent. The 3-year test period commenced in July 1985 and will end in June 1988. The Department of the Army has indicated that the GI Bill has been one of its strongest recruiting tools. In addition, the GI Bill has contributed toward a better-educated American society.

However, due to our huge national debt, no program should be exempt from close Congressional scrutiny in order to better ensure cost efficiency. Because we must reduce this deficit, all Senate committees face the difficult task of weighing competing demands for limited resources.

Mr. Chairman, I look forward to hearing from the distinguished group of witnesses today. However, I have another hearing I have to go to, and I will read their testimony later.

Thank you very much, Mr. Chairman.

Chairman **Cranston**. Thank you very much, Strom.

Frank, I just want to welcome you in your new role as ranking minority member; and I earlier expressed my gratitude for the opportunity to keep on working with you in our joint responsibilities here, and I expressed my thanks for all your great courtesies during the time that you were the chairman and I was the ranking member. And I will do my best to be as fair and respectful as you were.

Senator **Murkowski**. Thank you very much, Alan.

Chairman **Cranston**. Do you have an opening statement?

OPENING STATEMENT OF SENATOR MURKOWSKI

Senator **Murkowski**. I have a very brief statement, and I do wish to thank you, Alan, as you return to the center chair on this committee. I am certain that the chair, the gavel and America's veterans will be well treated under your stewardship.

I am certainly pleased that the first hearing which you have called in the 100th Congress is on the New GI Bill. I am proud to join with you, Alan, as an original cosponsor of S. 12, which will make this important and necessary veterans' education program a permanent part of the benefit programs we rely upon to reward our veterans for their service and to assist them in their readjustment to civilian life.

I think you would agree that opportunities to forge a cost-effective program which benefits the Nation, the Armed Forces, and the individual participants are all too rare in the Congress today; and that the New GI Bill is such a program, and S. 12 is such an opportunity. I think it is important to remember that one of the reasons that we have this opportunity is the tireless perseverence of Chairman Montgomery of the House Committee on Veterans' Affairs. It was his advocacy on behalf of veterans' education that laid the groundwork for the pilot program we are now considering making permanent.

I believe that there is a bipartison concensus regarding the importance of making this program permanent and funding it through the VA. This concensus is evidence that the cooperative spirit for which this committee has been noted since its inception will certainly continue.

In conclusion, Mr. Chairman, during my term as chairman of the committee, I had the benefit of sound advice and vigorous advocacy from you, Senator Cranston, while you served as the committee's distinguished ranking minority member. The veterans' benefits and health care legislation which emerged from the committee, I think reflected that cooperation.

I want to personally thank you and note that America's veterans indeed were the beneficiaries. I want to assure you that I will do my part to ensure that that tradition continues.

Chairman CRANSTON. Thank you, Frank, very much for those expressions of solidarity. We will continue to have a very fine working partnership, I am sure, in the leadership of this committee.

There is one other matter I would like to briefly cover, and that is to welcome the new committee staffers on our side: Loretta McMillan, Claudia Kashin, Daphne Howard, Barbara Masters, Jane Wasman, Ann Danelski, George Bentley, and especially Darryl Kehrer and Jennifer McCarthy who worked so long and hard in setting up this hearing.

We will now proceed to you, Tom; and let me say that, unfortunately, I have to leave to make another commitment that I was unable to get out of. So, now, Frank, you revert to being chairman—at least temporarily—until Spark Matsunaga arrives. Thank you very much for everything and for what we will accomplish together.

Senator MURKOWSKI. Thank you, Mr. Chairman. I am going to have to leave shortly for a Finance Committee meeting, but we will manage here. And let me acknowledge Susan Theroux, the minority chief clerk, who has joined the minority as our only new staff member.

As you may know, when there is a change of leadership, there is an addition on one side of the ledger and a substantial subtraction on the other. Rather than being the beneficiary of the change, we were required to subtract somewhat from our staff. So, with the exception of one new member, our staff has been reduced by a total number of seven. So, the minority will hold its own and make up for that in other ways.

With that observation, I would defer to the first witness, Senator Daschle. We are very pleased, Senator Daschle, to have you here before us this morning, a new Senator from the State of South Dakota. I would ask that you proceed with your statement.

STATEMENT OF HON. THOMAS A. DASCHLE, A U.S. SENATOR FROM THE STATE OF SOUTH DAKOTA

Senator **Daschle**. Thank you, Senator Murkowski. To the Chairman, who has just left, I want to commend the committee for holding this hearing and for demonstrating its commitment to the New GI Bill. I am proud to be a cosponsor of Chairman Cranston's bill, and I feel the extension of this program is absolutely imperative.

I have had the benefit of watching the New GI Bill work effectively, as opposed to similar programs in the past that have not. Much support has already been demonstrated in past Congresses for this program. That kind of support will ultimately lead to the passage of this legislation into law.

For the past 2 years, I was chairman of the House Education and Training and Employment Subcommittee of the Veterans' Committee in the House, and I have had the opportunity to witness what a tremendous program the New GI Bill is. I am here simply to give the four best reasons why this program ought to be permanently extended.

The first is simply to compare it to what we have had in the past. The past programs have not worked. I think with virtual unanimity we had witnesses come before my subcommittee in the last 2 years to tell us that the VEAP Program was virtually a disaster. The signup under VEAP was only 35 percent, and the quality of recruits decreased during the time we had the Veterans' Educational Assistance Program. The first and perhaps the most important reason to extend the New GI Bill is that there is nothing better.

The second reason is the positive impact that the New GI Bill has had on the Armed Forces itself. There is no program with greater beneficial impact in terms of recruitment and retention than the GI Bill as it exists today. Recruiters have told me that educational incentives are absolutely essential to drawing the upper one-half of those in high school graduating classes, and that fact has been borne out now since the program was initially begun. By 1995, I am told, military recruiters are going to have to enlist one out of every two 18-year-old males that do not go to college.

So, again, it is imperative that we put as great an emphasis as possible in seeking educational benefits as a means to retain and recruit those people who can ensure the quality of the personnel that we have been able to recruit in the last couple of years. It is imperative that we look at the New GI Bill as a weapon, a weapon just as important as any hardware that we have in the arsenal today.

If we want the best, we have to be willing to commit to the best, and there is no other way to commit to it today than to commit to the GI Bill as it exists.

The third reason the New GI Bill should be made permanent is the impact that this bill has on the veterans themselves. As I have looked to case histories of veterans who have had the advantage of the GI Bill and those who have not, there is a clear-cut difference.

I might point out that this body—and, as I understand it, the House today—will pass a bill dealing with homeless. The homeless are becoming an increasingly visible problem, one that is increasingly recognized to be serious in this country; but what many people do not realize is that one out of three people who are homeless are veterans. The number one reason for homelessness and unemployment is the lack of education and the lack of adequate employment resulting from that lack of education.

So, clearly, the impact on those veterans that have not had the benefit of post-military education is crucial. The difference between college and noncollege careers has been estimated to be more than $1 million in a lifetime. We are affording these people an opportunity not only to remain and continue to be productive people within our society, but we also give them the opportunity to generate substantially greater earning income as they go through the productive years of their lives.

Finally, the fourth reason is that the GI Bill is perhaps the most cost-effective employment program that we have in the Federal Government. The Army estimates that the New GI Bill saves the taxpayer approximately $234 million in personnel costs a year. And while it is important to consider what costs are incurred in operating a program, it is also important to consider the costs if we were to lose it. We would experience the reduction of 6,000 recruits from the upper one-half of high school classes. We would see an increase in the annual attrition of 1,400 personnel at a cost of $25 million, and higher productivity levels, compared to those of the New GI Bill period, would be lowered. That productivity of the pre-New GI Bill era was estimated to be 10 percent less than it is today.

So, clearly, the New GI Bill has worked—from the cost-effectiveness point of view, from the positive impact that it has on veterans themselves, from the benefits the Armed Forces realizes in increased retention and recruitment, and from what we have to compare it to in the past. It has worked in part because of the tremendous quality of enlisted personnel that we have in the military, but it has worked also because the Armed Forces have made it work so well.

The administration of this program has been second to none. I applaud the armed services for their quality of administrative effort, and I know that we can have a great deal of confidence in knowing that this program is going to be equally well administered as we go forward, with the same results, if not better.

So, again, I implore this committee to pass S. 12 at the earliest possible date, to ensure the continuity of the program and to ensure that we are going to have one of the finest programs that we could have for recruitment and ultimately for the quality of our Armed Forces.

I thank the Chairman, and I thank the ranking member for your time this morning.

Senator **Murkowski**. Thank you very much, Senator Daschle. I certainly concur with your statement, and I think it is evident that the 3-year pilot program has been a success. I think that the taxpayers of the United States can be assured, based on the way the GI Bill is structured, that servicemembers have to contribute to this country in an honorable manner to get an appropriate discharge in order to qualify for the GI Bill. We have programs that add inducements and bonuses for enlistment, but they do not necessarily ensure that the task is completed; or that the benefits to society which are associated with the GI Bill are returned to the taxpayer and returned to our country.

At this point, I want to recognize my colleague, Senator Matsunaga, on behalf of Chairman Cranston. It is my intention to turn the chair over to him, the senior Democrat on this committee. He is certainly a highly decorated and distinguished veteran in his own right, and he has been a great leader in the effort to establish this New GI Bill. I know he will be a stalwart champion of our efforts to make the program an enduring one through S. 12.

Sparky, we greatly appreciate your many contributions to the committee and your availability and interest in chairing this lead-off hearing. I would also like to recognize Senator Rockefeller. I don't have his dossier before me, so I will have to defer from any extraordinary introductions. Sparky, you have the gavel. Thank you.

Senator MATSUNAGA. Thank you very much. It seems that the former chairman can't get out of the habit of chairing this committee.

Senator MURKOWSKI. Oh, I am ready to depart for the Finance Committee now. [Laughter.]

Senator MATSUNAGA. I, too, wish to join my colleague from Alaska in congratulating you, Senator Daschle, for the great work you did in the House and for the interest you have taken now that you have come to the Senate. I think you will be a real asset to the Senate, and I am sure that I speak for all veterans when I say that we know we have a champion in you.

Senator DASCHLE. Thank you very much, Mr. Chairman. I am grateful.

OPENING STATEMENT OF SENATOR MATSUNAGA

Senator MATSUNAGA. And let me first congratulate Chairman Cranston for scheduling this hearing on S. 12, the New GI Bill Continuation Act, so early in the first session of the 100th Congress. I am also a proud original sponsor of this legislation and of the legislation in the Senate that formed the basis for the New GI Bill. Since we have so much ground to cover this morning, I will be very brief.

I do wish to emphasize that I very much share the view expressed by Chairman Cranston that we need not perpetuate any further uncertainty about the future of this program.

The New GI Bill is obviously an excellent tool for improving and sustaining the quality of our All-Volunteer Force, but it is also a valuable readjustment benefit and a cost-effective, prudent investment in our Nation's economy and global competitiveness. I will be doing all I can to secure prompt, favorable action on S. 12.

From my own experience I can say that, had it not been for the GI Bill of Rights, I would not have gone to Harvard Law School; I would not have been able to afford it. And I would not today be a U.S. Senator from Hawaii.

I would also like to add my voice to Senator Cranston's in expressing appreciation to Senator Murkowski for his work in his past chairmanship. He truly worked as a nonpartisan, and we were able to work across party lines in true fashion in working for and in behalf of the veterans.

In closing, I would like to welcome the distinguished list of witnesses this morning. We will have a very comprehensive hearing this morning, gaining viewpoints from the VA and the Department of Defense, as well as from the fine organizations represented here who represent the veterans of our Nation, members of the Armed Forces, and the higher education community. I look forward to hearing from each of the witnesses, but before I do that, I would like to call upon Senator Rockefeller to see if he has anything to say at this point, before I go on.

OPENING STATEMENT OF SENATOR ROCKEFELLER

Senator **Rockefeller**. I do, Mr. Chairman, and I appreciate your indulgence and the witnesses' indulgence.

I am anxious to begin work on all of the issues before this committee and on, particularly today, the New GI Bill. There are a number of us who fought the administration's earlier proposals to terminate the New GI Bill, and we take special pleasure in the situation as it stands today. It seems there is now unanimous support for extending the program. I believe our job is to make the New GI Bill as effective as possible in recruiting young people for the Armed Forces and in helping them to develop their skills, in ways that will benefit their entire lives and the Nation as a whole. We should provide them with a richly deserved educational experience.

I personally am very impressed by the early reports which are emerging now about the effectiveness of the New GI Bill. I was told yesterday by the U.S. Army Recruitment Command that 77.1 percent of all of their new recruits elect to enroll in this program. I have also been told that the number of "high quality" recruits has increased by about 15 percent during the year following when the New GI Bill went into effect.

No evidence has come to my attention—as had originally been feared—that retention rates have been harmed by this new program and that people are taking advantage of it by leaving the service early, as opposed to staying in the service for a respectable period of time. That was a matter of some debate at the time when the New GI Bill was being considered, but it seems to be turning out that a tendency for men and women to "cash in," so to speak, on the program has not proved to be—insofar as I am aware—a reality or serious problem.

There must be areas of the program that need to be improved, but I would add, Mr. Chairman, a note of caution about making too many changes very quickly. Local job training administrators are bedeviled by congressional committees that want to make changes; Congress has a propensity to try to "fix" legislation so often that they sometimes contribute unintentionally to administrative problems at the Federal and local levels.

So, let's base our work on legislation affecting the New GI Bill on careful study of the program's performance and on expectations that can be met by the participating institutions.

I thoroughly agree with our first witness, Senator Daschle, who, as a member of the House of Representatives, was instrumental in the passage and survival of the New GI Bill. We need to move ahead on S. 12 and to ensure the continuation of this very, very important program. Our Nation will benefit, in fact, in many ways from a full commitment to the New GI Bill.

In closing, I think the program fulfills three important goals: one, building a strong defense; two, offering a quality education to our young people; and three, investing in our Nation's future economic competitiveness. The New GI Bill provides the opportunity for some of our most dedicated citizens to both serve their country and gain skills which will last throughout their lives. I don't know of a better combination than that, Mr. Chairman.

Senator MATSUNAGA. Thank you very much. Our next witness then will be Mr. R.J. Vogel, Chief Benefits Director of the Veterans' Administration, accompanied by Dr. Dennis R. Wyant, Director of Vocational Rehabilitation and Education Service. We will be happy to hear from you, John.

STATEMENT OF R.J. VOGEL, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY DR. DENNIS R. WYANT, DIRECTOR, VOCATIONAL REHABILITATION AND EDUCATION SERVICE; GRADY HORTON, DEPUTY CHIEF BENEFITS DIRECTOR, PROGRAM MANAGEMENT; AND JAMES KANE, ASSISTANT GENERAL COUNSEL

Mr. VOGEL. Thank you. Good morning, Senator Matsunaga. In addition to Dr. Wyant, who is the Director of Vocational Rehabilitation and Education Service, I have to my far left Grady Horton, who is the Deputy Chief Benefits Director for Program Management, and to my right, James Kane, Assistant General Counsel, of the Veterans' Administration.

I am most pleased to be here today before you to share with you the views of the Veterans' Administration on legislation pending before the committee. That particular legislation is S. 12, The New GI Bill Continuation Act. As has been stated, we have expiration dates for programs of educational assistance, known as chapter 30 and chapter 106, generically called the "New GI Bill." Before discussing our experience to date with the New GI Bill and offering some projections for its expected growth, I believe it is useful to provide a brief historical perspective of our educational assistance programs.

Mr. Chairman, our country has a proud tradition of assisting in the smooth transition of veterans from military to civilian life through educational and training assistance for over 42 years now. Since June 1944, over 18 million veterans and service personnel have received educational assistance under three GI Bills. These 18 million veterans and service persons include 7.8 million under the World War II GI Bill, almost 2.4 million under the Korean-conflict GI Bill, and over 8 million trainees under the post-Korean Vietnam-era GI Bill. All of these programs operated in conjunction with the draft and afforded a readjustment opportunity for many people whose lives were involuntarily disrupted.

The programs undertaken have taken place in classrooms, businesses, on farms, at schools of higher education, and even at elementary schools. In terms of content, they range from remedial mathematics to advanced calculus and everything in between. The costs of these three GI Bills totalled close to $60 billion. Out of this figure, $14.5 billion was spent on the World War II GI Bill; $4.5 billion was spent on the Korean-conflict GI Bill; and some $40 billion for the post-Korean Vietnam-era GI Bill.

Under the current post-Korean Vietnam-era GI Bill, over 8 million Vietnam-era veterans and service personnel have received training. This number of trainees, as a percentage of the Vietnam-era veterans population—10,150,000, including those with service between May 7, 1975 and January 1, 1977—gives a Vietnam-era participation rate of 68 percent, compared with 50.5 percent for the World War II and 43.4 percent for the Korean-conflict GI Bills. Participation in college level training is greater under the post-Korean Vietnam-era program than under either the World War II or the Korean-conflict program. College participation for World War II veterans was 14.4 percent; for Korean-conflict veterans, it was 22 percent; and for post-Korean-conflict veterans and service personnel, who served between 1955 and 1976, it was 22.7 percent through September of this last year.

Vietnam-era veterans and service personnel who served between August 5, 1964 and January 1, 1977 have participated in college level training to a greater extent than any other group of veterans. They have a college participation rate of 43 percent.

The GI Bill programs have been widely acclaimed as the best investment America has ever made. During the 4 decades since the original GI Bill, we have worked with Congress in the oversight of our programs, and we have assisted schools in obtaining course approvals and in meeting their enrollment reporting obligations. We have had to be flexible in our administration of educational benefits programs so as to adapt to changes in policy and practice within the educational community, changing veterans needs, and shifting governmental priorities. Through it all, we have learned much about how to efficiently administer veterans' education programs.

Moreover, we are proud of our role in implementing laws which have promoted quality education for our Nation's veterans, providing them the opportunity to be the best that they can be. The post-Korean Vietnam-era GI Bill is, of course, set to expire on December 31, 1989. Each year, from now until 1990, it is predicted that fewer and fewer veterans will participate. Congress, in October of 1984, enacted Public Law 98-525, bringing into being the New GI Bill test program. This new law, as amended by Public Law 99-576, provided a program of education benefits not only for service persons and veterans, but also for reservists, and it repealed VEAP, the DOD-funded, VA-administered peacetime education benefits program which had been in effect since 1976. The effective date for the new programs was July 1, 1985.

The New GI Bill-Reserves was the program with the first significant number of trainees. Through the end of December 1986, 43,130 reservists have trained under the New GI Bill-Reserves. Current projections would indicate that the number of trainees will peak in 1989 to about 140,000.

Over time, we expect that the larger program will be the New GI Bill-Active Duty, known as chapter 30. We expect close to 180,000 trainees in fiscal year 1992.

Senator **Matsunaga**. Inasmuch as we have such a long list of witnesses, your statement will appear in the record as though read in full; and I would like to go to questions right now, if I may. As set forth in chapter 30 of title 38, the first purpose of the New GI Bill is, and I quote: "to provide a new educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life after their separation from military service."

Another thing is that the Veterans' Administration recognized the New GI Bill as a readjustment tool for members of our Armed Forces who return to civilian life.

Mr. **Vogel**. Yes, we do, Mr. Chairman. All the previous GI Bills had, as part of the title, "readjustment benefits act." And that has been the traditional role and the manner in which the VA has approached the administration of those programs.

Senator **Matsunaga**. And does the VA support the New GI Bill as a tool to aid our country in developing technical skills and proficiency in our work force?

Mr. **Vogel**. Yes, we do, Mr. Chairman.

Senator **Matsunaga**. And John, do you personally believe the VA should continue to fund the New GI Bill basic benefits?

Mr. **Vogel**. There was a significant amount of give and take between the Administrator of Veterans' Affairs and the Executive Office of the President on that issue. And ultimately, the decision was made that the Department of Defense would fund it and we would be very proud to continue to administer those education programs, regardless of who provides the funding.

Senator **Matsunaga**. Now, as to your personal preference, and we are depending upon you as a man of integrity, a man of ability; and I would like to know what is your personal preference?

Mr. **Vogel**. My personal preference would be that if the funding came under the VA, we would be in a better position to manage the programs. The oversight roles of both the House and Senate Veterans' Affairs Committees would be much more effective, and we would be much more effective in dealing with them with respect to education procedures and policy, if the funding and the administration was resident in the Veterans' Administration.

Senator **Matsunaga**. Thank you very much.

I appreciate that, and I think the members of the Committee on Veterans' Affairs would very much appreciate having your personal view. Now, did the Administrator appeal the Office of Management and Budget's decision to propose that the basic benefit for the New GI Bill be funded through the Department of Defense?

Mr. **Vogel**. Yes, he did, sir.

Senator **Matsunaga**. And what reasons did the VA present to support its position that it should fund the basic benefits?

Mr. **Vogel**. I wasn't privy to the discussion that the Administrator personally had. However, the information that I provided to the Administrator was along the lines of our traditional role in administrating Public Law 78-346. I guess it was Public Law 78-16, sir, that you were trained under; and all through to the present time, we indicated that we would just be in a better position to make adjustments in the program and to recommend them to the Congress if we were both in the funding and the administration roles.

Senator **Matsunaga**. Was there a written appeal?

Mr. **Vogel**. I am sorry, sir; I don't recall whether the appeal was written or not.

Senator **Matsunaga**. If there was, could you provide this committee with a copy of that written appeal?

Mr. **Vogel**. Yes, sir. We would be pleased to do that.

Senator **Matsunaga**. We would appreciate it.

Now, could you describe any difficulties you have had with the administration of chapter 106 program for the Selected Reserves?

Mr. **Vogel**. We have had a few administrative problems. I think that is to be found often in comparatively new programs. There are so many thousands of reserve units, and for the Department of Defense to make eligibility criteria clear to those individuals who certify eligibility to us has been a bit of a problem. We have worked with them on a computer matching system, in which we match our records against their eligibility records; and there has been some misunderstanding about the 6-year Reserve requirement, about the necessity of having a high school diploma or equivalency to participate in chapter 106 programs. We are working those matters out with the Department of Defense.

We wrote in September to the Chairmen and the ranking members of both the Senate and House Veterans' Affairs Committees and described the problem. We are working it out, and we believe that the program will work out that kink and we will be off and running.

Senator **Matsunaga**. So, have you found any aspects of program coordination which you believe could be improved?

Mr. **Vogel**. Yes. I think some of the program coordination can, in fact, be improved. In addition to advising this committee about some administrative snafus last fall, the Administrator also communicated directly to the Assistant Secretary of Defense for Reserve Affairs about it; and we received correspondence and had conversations with officials there, and they mean to work them out. With respect to getting benefits out in a timely fashion, the VA has had no difficulty on that score at all.

Senator **Matsunaga**. Are there are aspects of the administration of chapter 106 program that you believe Congress should consider in deciding whether or not to switch funding of the basic benefits to the Department of Defense?

Mr. **Vogel**. There has been nothing suggested in the administrative area which really would speak to the funding issue at all. Of the 43,000 plus trainees, there are 12,000 with a question as to program eligibility.

I don't think that it suggests that the funding, whether resident in the VA or DOD, would work pro or con to handle those administrative problems.

Senator **Matsunaga**. Thank you very much. I note that Senator Graham has joined us; and on behalf of the chairman, Senator, I wish to welcome you to this committee and certainly we are happy to note that you are attending the first hearing of this committee in the 100th Congress. And I look forward to working with you toward improving the benefits of the veterans of all wars. Do you have any questions or a statement you would wish to put at this time?

Senator **Graham**. I have no questions or statement at this time. Thank you, Mr. Chairman.

Senator **Matsunaga**. If not, then thank you, John, and thank you, Mr. Kane, Dr. Wyant, and Mr. Horton. We appreciate your being here.

Mr. **Vogel**. Thank you, Mr. Chairman.

[The prepared statement of Mr. Vogel appears on p. 63.]

Senator **Matsunaga**. Our next witnesses are the Honorable Chapman B. Cox, Assistant Secretary of Defense for Force Management and Personnel, and Dennis R. Shaw, Principal Deputy Assistant Secretary of Defense for Reserve Affairs. We will be happy to hear from you, Mr. Cox.

STATEMENT OF HON. CHAPMAN B. COX, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL

Mr. Cox. Thank you, Mr. Chairman. Good morning.

It is indeed a pleasure for us to be here. I want to thank you for the opportunity to appear before this committee, which has done so much over the years for our American servicemen and women. The men and women of the Armed Forces are proud and patriotic citizens; they are the backbone of our Nation's defense structure, and they are grateful—very grateful—to this committee for your ensuring their fair treatment.

I also want to add that we in the Department of Defense are also grateful to you for that.

Today, you have requested that I comment on the administration's position with respect to the New GI Bill. This program, which is administered under your oversight, is a good example of the important role which you play in providing for American military personnel in their transition back to civilian life. For over 40 years, veterans have been eligible for Federal education assistance under a variety of programs, and these assistance programs have been authorized for several reasons. I would like to list those reasons.

The first reason is to provide servicemembers with a compensating benefit for the adversities which they endure such as low pay, harsh environments, physical dangers, and undesirable tasks. The second reason is to make the Armed Forces a more attractive place to serve. A third reason has been to provide training and readjustment to civilian life for those who have served in the Armed Forces. And finally, the benefits have been offered to provide education to those citizens who might not otherwise have been able to afford it.

These programs have been of considerable value, both to the Nation and to its servicemembers. The Educational Assistance Test Program confirmed that educational benefits, if sufficiently generous, can attract high quality people to the Armed Forces. In a separate study conducted by the Congressional Budget Office, the results were validated for the test program, and also pointed out that enlistments of high school graduates with above average aptitude test scores increased with generous education benefits.

We in the Department of Defense believe that the New GI Bill has the potential to be an effective recruiting incentive, and for this reason, we support making the program permanent. However, to fit into the overall context of the DOD recruiting program, we believe that it should be more of a targeted benefit; and for this reason, we will be submitting a legislative proposal that will restructure the basic benefit so that it will vary with the term of enlistment.

The legislation will also continue the targeted incentives which are in the current bill, known as "kickers," and it will transfer funding of the basic benefit from the Veterans' Administration to the Department of Defense.

Placing the policy and fiscal responsibility for the New GI Bill with the Department of Defense will permit a concentrated approach to using the educational benefit as a recruiting incentive. We will also be able to build on the level of the variable basic benefit with additional targeted incentives that recognize special recruiting needs of the individual Services, such as hard-to-fill skills, test scores, and other criteria.

Sir, this concludes my prepared statement. I thank you again for the opportunity to appear and for this committee's strong interest and service to our service people. I will be pleased to respond to your questions.

[The prepared statement of Mr. Cox appears on p. 69.]

Senator MATSUNAGA. Thank you very much, Mr. Cox.

Mr. Cox, in 1985 an Army Research Institute survey revealed that a prospect of financial help for college is now the leading reason young men and women enlist, replacing a negative motivation, that is the inability to get a civilian job. In your view, doesn't this speak well for the effectiveness of the New GI Bill, as compared to the effectiveness of the so-called "targeted incentives," such as enlistment bonuses?

Mr. COX. I think the study does confirm that it is an effective recruiting tool. The study does not confirm whether or not it could be improved as a recruiting tool. Our proposal is to try to make it a better recruiting tool, sir.

We agree that it is a good recruiting incentive, and we support making it permanent.

Senator MATSUNAGA. Now, on page 4 of your testimony, you state, and I quote: "educational benefits are much less cost-effective than targeted incentives such as enlistment bonuses." However, your statement does not address the issue of cost-effectiveness specifically in the context of recruiting the best qualified young people.

Did the study to which you referred, or any other studies or surveys, provide any data with respect to differences that may exist between those recruited through the enlistment bonus approach and those recruited through the educational benefits approach in terms of the levels of education of these two categories of recruits, the quality of their performance on the job or the frequency with which they reenlist?

Mr. COX. That is a multifaceted question, sir, and I think each one of those factors is one that should be studied. To try to give you a general answer to your question, the comment in my testimony related to a study of the educational test program, which did show that the bonuses were slightly more cost-effective than educational benefits; but that does not mean that we do not support educational benefits as a recruiting incentive. We do, and we support making the bill permanent. We are looking to these studies as a way to improve the effectiveness of the educational incentive, and our proposals for modifying it are in an effort to make it more cost-effective by targeting it and by making it relate more to the term of service.

Senator **Matsunaga**. As you say, it is a multifaceted question. Perhaps you can provide a multifaceted response in writing.

Mr. **Cox**. We would be happy to, Senator.

There is one more thing that I want to say, and that is that our information does show that, with respect to your question about quality, in the Army the educational benefit has enhanced the quality of the people who are being recruited by a significant amount. We can provide those figures for the record. It does not appear to have done so in the other services.

[Subsequently, Mr. Cox provided the following information:]

Question. Now, on page 4 of your testimony, you state, and I quote: "educational benefits are much less cost effective than targetted [sic] incentives such as enlistment bonuses." However, your statement does not address the issue of cost effectiveness specifically in the context of recruiting the best qualified young people.

Did the study to which you referred, or any other studies or surveys, provide any data with respect to differences that may exist between those recruited through the enlistment bonus approach and those recruited through the educational benefits approach in terms of the levels of education of these two categories of recruits, the quality of their performance on the job or the frequency with which they reenlist?

Answer. Although there are no statistics yet available, reserve retention should be enhanced since eligibility for New GI Bill benefits is contingent upon continued satisfactory participation in the Selected Reserve. For the active forces, it is too early to assess the impact the New GI Bill will have on retention, since no one who enlisted under that program has thus far completed his term of service.

As far as recruiting effects are concerned, we have completed analyses on both active and reserve accessions under this program. With respect to quantity of accessions for the active forces, the New GI Bill has had little appreciable effect over the previous educational incentive program. The Services met their accession goals under the Veterans' Educational Assistance Program and continue to do so under the New GI Bill. For the reserve components, we looked at the length of the terms of service of new accessions since a reserve recruit must enlist for a six-year term in order to qualify for benefits under the New GI Bill. During the first 15 months under the New GI Bill, 59 percent of the accessions signed up for at least six years. For the same period immediately before its introduction, 57 percent had taken six-year terms.

In terms of quality, we have examined active component accessions for the same 15 month periods. Before the New GI Bill, DoD recruited 54 percent high school graduates scoring in the top half of the aptitude range on the enlistment test. Under the New GI Bill, that figure increased to 59 percent. The Army accounts for most of the change. Its rate rose from 47 percent to 58 percent, while the other Services' rate rose from 58 to 59 percent. It should be noted that the Army College Fund (additional benefit of up to $14,400) is added to the New GI Bill basic benefit for many Army recruits, greatly enhancing its attractiveness.

While educational benefits have been shown to have a role in recruiting, we would caution that the changes in recruit quality cannot be attributed to any one cause. During the time the New GI Bill has been in effect, several changes were made in active and reserve component recruiting programs (additional recruiters, and enhanced recruiting budgets) which might have also affected recruit quality.

Question. As you say, it is a multifaceted question. Perhaps you can provide a multifaceted response in writing?

Answer. My observation that educational benefits are much less cost-effective than targeted enlistment incentives such as enlistment bonuses is based on research conducted by the Congressional Budget Office (CBO). In its report entitled: "Improving Military Educational Benefits: Effects on Cost of Recruiting, and Retention" (March 1982), the CBO rank ordered, on the basis of relative cost-effectiveness, several methods for increasing high-quality recruit supply. Expanding the recruiting force was the most cost-effective, followed closely by increasing the enlistment bonus program. Expanded education benefits and increased military pay were judged the least cost-effective. The reason is straight-forward. Bonuses can be targeted for high quality recruits into specific skills or used to extend terms of service. On the other hand, education benefits such as the New GI Bill are payable to everyone who enrolls, including those who meet only minimum entrance requirements. As a result, we end up incurring an obligation to pay education benefits to many who would have enlisted anyway. The exception to this is the Army College Fund and the Navy Sea College Program. These education benefits offer additional "kickers" (in amounts up to $14,400) that are paid in addition to basic New GI Bill benefits and are targeted only to high-quality applicants.

While retention data are not yet available (original participants have not yet completed their first term of service), educational programs like the New GI Bill, may, in fact, be a disincentive to reenlist and encourage many to leave the Service in order to use their benefits. If this reduces first-term retention, it will increase recruit requirements accordingly. This will further increase the number of New GI Bill participants as we attempt to meet these higher recruiting requirements—a problem that is avoided by the use of targeted benefits such as bonuses.

Senator MATSUNAGA. Now, what value does the Department of Defense attach to the contribution that the New GI Bill can make to individual servicemembers and to our society and national economy by increasing the productive abilities and capacities of the young servicemembers and veterans?

Mr. Cox. Sir, it is not the position of the Department of Defense, nor are we qualified, to comment upon the societal benefit or the economic benefit to our commercial and gross national product of the GI Bill.

Senator MATSUNAGA. Then, you will rely upon the VA to provide that?

Mr. Cox. If you would want someone to comment on that from the administration's perspective, I suppose that it should be someone in the economic field or in the Health and Human Services Department, the VA, or in education.

Senator MATSUNAGA. Yes, we have the VA's response to that.

Is the Department of the opinion that the New GI Bill serves as a good transition tool for servicemembers who elect to return to civilian life?

Mr. Cox. That is our position, sir.

Senator MATSUNAGA. All right. Now, Mr. Cox, the New GI Bill in chapter 30, section 1401 of title 38, recites the purpose of the new program. The first purpose it lists is "to provide a new educational assistance program to assist in the readjustment of members of the Armed Forces to civilian life after their separation." If Congress believes that this readjustment purpose as well as the purpose of enhancing America's strength and security generally by increasing the education and skills of its citizenry are major purposes of the New GI Bill, does the Department of Defense have any objections to Congress, in view of that belief, continuing to fund the program as it is presently funded?

Mr. Cox. No, sir, but I think the administration does. [Laughter.]

Senator MATSUNAGA. That is a very good answer. [Laughter.]

I appreciate your frankness. That is what we want before a hearing such as this, and I thank you very much. Now, we shall hear if

Mr. Shaw has anything to add; we would be happy to hear from you.

STATEMENT OF DENNIS R. SHAW, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE, RESERVE AFFAIRS

Mr. **Shaw**. Thank you, Senator Matsunaga. I appreciate the committee's time constraints, so I will make a brief oral statement, in addition to the written statement that I respectfully request be entered into the record.

Senator **Matsunaga**. It will be so done.

Mr. **Shaw**. With respect to the New GI Bill and the Reserve components, I want to show you a few graphic illustrations that depict our experience during the last 1½ years—almost 2 years—in the Selected Reserve with the New GI Bill. This first chart indicates that the New GI Bill is a popular program with members of the Selected Reserve. I have broken out the numbers of people who are participating—that is, using their benefits under the New GI Bill—by each quarter since the enactment of that legislation.

Oftentimes, we are accused of showing statistics in large blocks—in this case by quarters—because there are things in the middle that we don't want you to see, for example peaks and valleys in this graph.

The next chart, however, will show you there are no peaks and valleys in the use rate for the Selected Reserve. If we look at the rate in 1986, month by month, participation is up and only up; and we expect that trend to continue.

There are two other statistic areas that are of interest, although they don't absolutely quantify the recruiting and retention value of the GI Bill. I haven't seen any data yet that allows us to do that; but we can make some general conclusions.

One of the things we can conclude about the GI Bill for the Selected Reserve is that, if we look at the 15-month period immediately following the enactment of the GI Bill and compare that with the corresponding 15-month seasonal period before the GI Bill, we had a 2 percent increase in 6-year enlistments. And that 2 percent increase represents about 8,300 individuals.

In order to qualify for GI Bill benefits in the Selected Reserve, our people must enlist or agree to serve for a period of 6 years. So, 6-year enlistments are an indicator of the impact of the New GI Bill.

The next chart, although there doesn't appear to be too much difference between the two stovepipes, is a comparative look at fiscal years 1984 and 1986. It shows that we have had a 5 percent increase in the number of high school graduates recruited in those 2 fiscal years—the one just prior to enactment of the GI Bill and the one in which the GI Bill had had a full 1 year period in which to operate.

And, that 5 percent difference represents 35,000 additional nonprior service enlistees who have a high school diploma or an equivalent certificate.

If there is anything that we can do in order to change the current program, it is the Department's position—although I speak on behalf of the reservist components—that the GI Bill be made a permanent feature of what we consider to be a balanced and broad program of recruiting and retention incentives.

I don't think we can look to any one of these programs, like the GI Bill or our targeted incentives, to exclusively produce the numbers and quality of people we need in specific skill areas and in areas that are short of people. We need a broad and balanced program, and the GI Bill is a part of that.

I want to thank the committee for providing me this opportunity to speak to you on this important program, and I would be happy to answer your questions at this time.

[The prepared statement of Mr. Shaw appears on p. 74.]

Senator MATSUNAGA. Mr. Shaw, on page 2 of your written testimony, you state that "educational benefits have been shown to have a positive role in recruiting," while at the same time you say, "the effect of increased recruiting and advertising budgets, for example, cannot be discounted."

Do you have any data to quantify the extent to which advertising increased recruitment for the Guard and Reserves?

Mr. SHAW. I don't think we can show a relationship of dollars to individuals recruited and quantify it to that degree; but I can provide the committee with the statistics on what our recruiting successes have been and the amount of advertising, bonuses, and additional recruiter resourcing that we needed to bring in new people to the Reserve components; and, I would be happy to provide that to the committee. We have that data.

Senator MATSUNAGA. We would appreciate that.

[Subsequently, Mr. Shaw provided the following information:]

Senator MATSUNAGA. Mr. Shaw, on page 2 of your written testimony, you state that "educational benefits have been shown to have a positive role in recruiting," while the same time you say, "the effect of increased recruiting and advertising budgets, for example, cannot be discounted." Do you have any data to quantify the extent to which advertising increased recruitment for the Guard and reserves?

ANSWER. Quantifying the effects of advertising on military accessions is highly subjective at best. Too many variables intervene between the advertising and the accession for a meaningful, consistently accurate correlation to exist. To suggest that a nationally televised military recruiting commercial or magazine advertisement, whose purpose is to generate increased awareness of and a positive attitude toward military service, impacts positively on the total number of accessions, is more than reasonable; to quantify the effect of the commercial on accessions is almost impossible and perhaps misleading, given the lag effects of advertising and the myriad of other variables impacting on a prospect's decision to enlist.

The chart below reflects the resources that the Department of Defense has requested by way of advertising, bonuses and the funding of additional recruiters that will be needed to bring new people into the reserve components.

RESERVE COMPONENTS DISTRIBUTION OF RECRUITING AND RETENTION RESOURCES

[Dollars in millions—includes new and anniversary payments]

	Fiscal year 1986 actual	Fiscal year 1987 programmed [1]	Fiscal year 1988 programmed [1]	Fiscal year 1989 programmed
Recruiters/support, includes military payroll costs	377.1	419.7	427.3	428.8
Advertising (Incentives)	44.7	51.5	63.7	64.9
Enlistment Bonuses [2]	84.2	84.8	84.7	86.4
GI Bill (New Ch106)	106.2	200.9	186.3	186.3
Total	612.2	756.9	762.0	766.4

[1] Based on OSD budget submits, September 1986.
[2] Includes the prior service affiliation and IRR bonuses, educational assice, and loan repayment programs.

Mr. **Shaw**. I might add that the funding for the GI Bill for the Selected Reserve is about 25 percent of our total costs for recruiting.

Senator **Matsunaga**. Yes. Senator Graham, do you have any questions of either of the two witnesses at this time?

Senator **Graham**. Mr. Cox, as a percentage of direct compensation, what is the cost to the military services of these additional benefits, whether they are educational, direct enlistment bonuses, or other items which are intended to secure initial enlistment, extend the period of enlistment, or reenlistment?

Mr. Cox. As I mentioned to Mr. Matsunaga, that is a very difficult question to answer because there are so many pieces to the puzzle of what we do to get a high quality person to become a member of the Armed Forces. It has to do with comparable compensation. It has to do with bonuses, advertising, increased recruiting resources—all these things are part of the mix.

Senator **Graham**. I was asking an accounting question, just numbers; as a percentage of direct compensation, what are those additional costs to the Department of Defense or the Veterans' Administration which are related to securing the initial enlistment, extending the period of enlistment, or securing reenlistment?

Mr. Cox. The reason that I didn't give you a direct answer is that there is an argument over how much of the cost is included in those things that are required; but if you are just asking the total GI Bill cost, I think it is approximately $1 billion a year, when it gets into a full steady state.

As you know, we are talking about the 1990's. The total personnel accounts of the Armed Forces are approximately $70 billion. I would be happy to give you a more detailed answer for the record so you can see precisely what the figures are and the breakout of the advertising, recruiting and other costs; but I think that is a general answer to your question.

Senator **Graham**. I would like to see that type of analysis. I was interested in the direction that Mr. Shaw's comments were going, indicating that there had been some effort to do a quantitative analysis of the relative impact of these various alternatives. Has that same analysis been done for the Regular, as opposed to Reserve, recruitment effort?

Mr. Cox. We are in the process right now. We have contracted out a very expensive study to try to isolate each one of these factors and see how much they bear on the recruiting equation in an effort to enhance it and make it better, to spend our money where it is more cost-effective.

Senator **Graham**. Can we see a copy of the study outline?

Mr. Cox. We will give you a copy of that study. Yes, sir.

[Subsequently, Mr. Cox provided the following information:]

Question. Can we see a copy of the study outline?

Answer. This research will improve recruiting resource allocation by determining the cost-effectiveness of several alternatives. These alternatives include advertising expenditures, number of recruiting personnel, enlistment bonus structure, educational benefits, and military pay and benefits. Earlier research in each of these separate areas has been conducted. However, the present work will determine how these alternatives interact and identify the most cost-effective combinations.

The research will be conducted in three phases by the Rand Corporation. The first is an extensive review of the literature on enlistment supply. This review will compare and evaluate existing analyses quantifying the magnitude and precision of estimates of the responsiveness of eligible, high-quality individuals to recruiting resources. In the second phase, a set of criteria for comparing the cost-effectiveness of alternative programs will be developed. In the final phase, these criteria will be applied to determine the most efficient means of allocating our scarce recruiting resources. The effort began in October 1986 and should be completed within 18 months.

Senator **Graham**. One of the concerns that I have had expressed to me relative to these benefits is their reliability; that is, if a person makes a decision in 1987 that I am going to join the military service based on a set of represented benefits, their decision is heavily influenced by the degree of reliability that they will actually be there, whether they are educational benefits that may come due in a relatively short period of time or retirement benefits that may not be available for 20 years or more.

What is your sense of the degree of reliability which is currently being afforded these benefit packages? And what might be done to enhance their reliability in the eyes and decision influence on the person that we are trying to influence?

Mr. Cox. From my perspective in the Department, they are totally reliable; and it is our position in every hearing we appear before in this body and in the House that we have a moral obligation to our people to make sure that they get the things that they expect to get when they are enlisted. With respect to the educational benefits, it has been our position that if they come in under a program, they will receive that program as it was presented to them when they came in, and that any changes would grandfather all those members who are already in the service.

In fact, that was our position with the retirement bill, and we strongly opposed this body and the House from changing retirement benefits for that purpose. If there is any way to increase the reliability of our compensation benefits to the people in the force, I would say that the way to do it is for the Congress to be more concerned about reliability when they tamper with our compensation matters.

Senator **Graham**. Would you advocate that there be a dedicated source of funding for these programs in the nature of a State or local government which would typically have a dedicated source to fund its employee benefit programs, so that there would be greater reliability?

Mr. Cox. I don't think that is necessary. I think that we have protected the funding of those benefits all along, and my comments are primarily focused on the retirement changes that caused the people in the force a lot of anxiety about broken faith.

Senator **Graham**. I know that there was a lot of disappointment relative to the military retirees who feel as if they have had some broken faith in terms of not getting the cost-of-living benefits and others that they see are being made available to Social Security recipients, for instance.

Mr. Cox. I don't think that is an issue with the educational benefits though, Senator. I really don't.

Senator **Graham**. It is with the retirement benefits?

Mr. Cox. It is a general problem with respect to the force at any time that the Congress tampers with what servicemembers expect to receive as part of their compensation.

Senator **Graham**. I don't think the tampering that I have just discussed is exclusive particularly with the Congress.

Senator **Matsunaga**. Congress never tampers. [Laughter.]

Witnesses appearing before this committee should bear that in mind. [Laughter.]

Mr. **Cox**. I apologize, sir.

Senator **Matsunaga**. Do you have any further questions?

Senator **Graham**. No, Mr. Chairman.

Mr. **Shaw**. Senator Matsunaga, I would like to go back to one question, with your permission, if I may.

Senator **Matsunaga**. Certainly.

Mr. **Shaw**. Your question was whether or not the GI Bill was a better recruiting tool than are the targeted incentives.

The point I would like to make is that there is evidence, as you cited earlier, that this is one of the most effective—the GI Bill is one of the most effective—recruiting tools we have. It brings people in, but our targeted incentives put them in specific areas where we really need them. The GI Bill doesn't do that. So, that is why we need a mix of incentives; they are all very important to us.

Senator **Matsunaga**. Thank you very much.

Mr. **Shaw**. Thank you, sir.

Mr. **Cox**. Thank you, Senator.

Senator **Matsunaga**. Our next witnesses are a panel consisting of Lt. Gen. Robert M. Elton, Deputy Chief of Staff for Personnel, U.S. Army; Vice Adm. Dudley L. Carlson, Deputy Chief of Naval Operations, Department of the Navy; Lt. Gen. Thomas A. Hickey, Deputy Chief of Staff for Personnel, U.S. Air Force; and Lt. Gen. Ernest C. Cheatham, Deputy Chief of Staff for Personnel, U.S. Marine Corps.

Thank you, gentlemen, for appearing before this committee. As you know, we have not asked you for any prepared statements in the hope that we may get the frankest of responses. I would like to begin by asking you, General Elton, if each of you would please describe for the committee the recruitment and retention value of the New GI Bill thus far for your active duty forces?

We are particularly interested in the extent of the impact of the New GI Bill on the quality of recruits, the attrition of personnel, the length of enlistments, and the frequency of reenlistments. So, shall we start with General Elton?

STATEMENT OF LT. GEN. ROBERT M. ELTON, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. ARMY

General **Elton**. Thank you very much, Senator. I appreciate the opportunity to answer questions on the GI Bill.

We in the Army feel that education in America is a lifelong process, and we want to believe that we have positioned ourselves in the minds of young Americans so that we contribute in that particular process. And so, education incentives per se are an extremely powerful tool in our recruiting program. We had, as you know, the Veterans Education Program prior to the advent of the New GI Bill, and we tried to use that as effectively as we could as an incentive for enlistment. We found, however, that subsequent to the initiation of the GI Bill, that we did in fact have major increases in the total quality of young men and women who enlisted in the U.S. Army.

It was their opinion that the GI Bill—whatever equity that rests with that name—in the minds of their parents and in other influences that it began to open up the market perhaps of another half a million than had otherwise been untapped in our recruiting quest.

I am not sure how the other services would compare that, but since we have probably the most difficult overall problem in recruiting, I think that it has been extremely helpful for us. As far as specific details, in a year's period—we would take a 12-month period and compare it with 12 months of the old Veterans Education Program. However, quality enlistments have, by total number, increased; this is a high school graduate who is also in the upper mental categories. That is mental category I through III(a), which are considered the upper mental categories; and that has increased a total of about 10 percent, or about 6,000.

We ordinarily try to recruit between 50,000 and 60,000, and that has increased. The total enrollment in that year alone was increased by 6,000. You could say: What is the overall benefit of having done all that? This is now active components I am talking to only.

We find that those particular individuals stay the course. They stay their enlistment. And since 1983, since we have begun to achieve the quality enlistment goals which we have established for ourselves, we have found that we have managed to save about a division's worth of manpower each year because of this high quality; and it was referred to earlier as a savings of potentially $200 to $250 million. Those are in the way of additional recruiting costs and additional training costs because those individuals just stay around.

They are much more easily trained. They follow particularly strong leadership and work into the units and do the kinds of things that soldiers are expected to do with a great performance.

We think that that has made a tremendous impact on the total culture in the Army—the fact that they still pursue education, and they do so in the service; and they are trying to do so post-service. There was one question earlier asked: Do you feel that this has been a drain on our retention? And the answer to that is "No." We have asked those people who are not reenlisting if it is in fact a major issue for their. not signing up to reenlist; and they tell us "No." There are other reasons they do not want to reenlist.

They know that they can use their educational benefits in the service, and they can do so starting 2 years after the initial entry into the service. So, they say that they understand that those benefits are available to them up to 10 years after they leave; and this is not a major decision of theirs, as far as getting out.

There are some, however, who come in for a 2-year tour who are bent on additional education. They do not have the resources to get there; and they tell us that they would like very much to be able to continue their education and to continue on in the Reserve component role. And of course, that is one hand helping the other, and we look very much forward to implementing that.

Senator **Matsunaga**. Thank you very much. General Elton, you wrote a letter to Senator Murkowski, addressing him as Mr. Chairman—I suppose once you are chairman, you can always be addressed as "chairman" so that is all right. Just as once a Senator, always a Senator, you know.

And in the third paragraph of your letter, you state, and I quote: "I agree with you completely that the VA should continue to budget the cost of the basic benefit because the primary purpose of the GI Bill is readjustment. First and foremost, the GI Bill is a program for veterans."

Now, I heartily agree with you and, without objection, we are going to include your letter in the record.

General **Elton**. That would be fine, sir.

[The letter appears on p. 81.]

General **Elton**. I would like to add one thing, however.

Senator **Matsunaga**. Yes?

General **Elton**. And that is the Army is so strongly in favor of the GI Bill that we are willing to pay for all of it for the Army, and that is Mr. Marsh's stated position. And now that it has turned to the Department of Defense wanting to pay that bill, my thoughts are in there and they are accurately portrayed.

Senator **Matsunaga**. We appreciate that.

General **Elton**. The point is that we really feel strongly about this incentive.

Senator **Matsunaga**. We appreciate it very much. I wish my constituents would say: "We believe in you so much that we will pay for your election next year." [Laughter.]

May we hear now from Admiral Carlson on the same question?

STATEMENT OF VICE ADM. DUDLEY L. CARLSON, DEPUTY CHIEF OF NAVAL OPERATIONS, DEPARTMENT OF THE NAVY

Admiral **Carlson**. Yes, Mr. Chairman. Thank you very much. It is always a pleasure to come over in such a warm group which supports us in what we are trying to do and recognizes the importance of the GI Bill and has done so much in the New GI Bill which we, in the Navy, totally endorse.

And we recognize that the GI Bill is a major part of the total package that is used in recruiting the men and women that we need to man our Navy.

We share with the Army the great enthusiasm for the program. We have seen our percentage of signing up for the GI Bill in our new recruits has increased dramatically over time; and in December, we were having new recruits signing up for the GI Bill at 58 percent of those coming on board, which was a very significant increase from what it was a year or so ago when we were in the low 20's. So, it does have an impact. It is part of an overall package.

We don't think we have people join the Army or the Navy based on the benefits because they are largely the same; but they do play a very important role, and it is a big retention or a big recruiting incentive. It does contribute to retention certainly in a way, and I subscribe to all the things that General Elton has said. In fact, the Army has been so successful with their college fund that we have blatantly copied it. We call ours "Navy Sea College Fund." And we also want our people to "be all they can be," but in a different colored clothes. [Laughter.]

Senator MATSUNAGA. May we next hear from General Hickey?

STATEMENT OF LT. GEN. THOMAS A. HICKEY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, U.S. AIR FORCE

General HICKEY. Yes, Senator. I would also reiterate what my contemporaries from the other services have already said about the very positive feeling we have about the GI Bill, and my pleasure in being here and appearing before you this morning.

We do, in fact, see the New GI Bill as a very potent recruiting tool. Over 60 percent of our new recruits specify education and further education as one of the two or three primary things they are interested in and one of their reasons for reenlisting. We have enjoyed a seven-fold increase in participation under the New GI Bill over the former Veterans Education Assistance Program, the old VEAP Bill.

Not only have we had a significant increase in participation of our new recruits, we have found that the vast majority of those who do participate are in the top two mental categories. So, we are getting the kinds of quality that we are interested in, in participating in that.

By every measure that we can find, we are doing the best in terms of quality now within the U.S. Air Force that we have ever done in the quality of our recruits that are coming on board. It also has a very positive retention impact, and one of the strong features is the fact that, after a certain period of time, they tend to take advantage of the bill while they are still on active duty. And that has been very positive for us.

It has also had a very positive impact on the Selective Reserve, as was mentioned by an earlier witness. As a matter of fact, within the Air Force—the Air National Guard and the Air Force Reserve—the New GI Bill is the No. 1 reason for their enlistment, more often than other single reason in our surveys.

So, we commend the efforts of this committee to make the bill a permanent part of our incentive program.

Senator MATSUNAGA. Thank you very much. We will now hear from General Cheatham.

STATEMENT OF LT. GEN. ERNEST C. CHEATHAM, DEPUTY CHIEF OF STAFF FOR MANPOWER, U.S. MARINE CORPS

General CHEATHAM. The GI Bill is a superior program as far as the Marine Corps is concerned. We have found that it has assisted our recruiting effort, and we are having unprecedented recruiting success.

I believe that in excess of 65 percent—and I am not sure of the exact figures—but in excess of 65 percent of the people that come in to talk about enlisting want to know about the GI Bill. It brings people to us—good quality people. We support it, and we love it; but unlike the Army, I can't afford it. [Laughter.]

It is a No. 1 priority for our young people.

Senator **Matsunaga**. If any of you have any specific data quantifying personnel cost savings for Active-Duty Forces that could be attributed at least in part to the New GI Bill, the committee would appreciate your submitting such data for the record.

General **Elton**. We have some, and we would be happy to do that.

[Subsequently, General Elton provided the following information:]

Education benefits are the most important personnel policy the Army has to recruit quality soldiers. The New GI Bill and Army College Fund are important incentives which have had a significant role in increasing quality in recent years.

Quality soldiers save the Army dollars because they are more likely to complete their enlistment, are easier to train, and are less prone to indiscipline.

Recruit quality has improved significantly since 1980. In 1980 only about half of the army recruits were high school diploma graduates (HSDG) and about 52 percent were AFQT Category IV. Indiscipline rates were high, and morale and training performance low.

Today approximately 90 percent of the Army recruits are HSDG and only about 4 percent are AFQT Category IV. Indiscipline rates are down, and morale and training performance are up.

The increase in the HSDG content (from about 50 percent to 90 percent) has resulted in significant manpower savings to the Army. Since HSDG are more likely to complete their initial Army enlistment term (i.e., more HSDG reach their ETS—Expiration Term of Service decision point), there are less losses to be offset by the recruiting mission.

As a result of its current HSDG recruiting success, the Army saves having to replace from 12 to 14 thousand soldiers (this is approximately one Division) at a replacement (training and recruiting) cost of around $230M.

In addition, the actual pool of quality soldiers available for reenlistment is larger, thus resulting in a larger number of quality reenlistments.

Quality recruits learn faster and require less remedial training. While no specific dollar savings are kept, we know that smarter soldiers cost less to train.

As recruit quality goes up, indiscipline rates (e.g., AWOL, violent crime, desertion, etc.) go down. This lowers the costs of processing administrative and criminal procedures resulting from indiscipline.

Further, there has been a decline in the dollar amount of property losses and damage caused by soldiers. Equipment accountability can be tracked in terms of Army Reports of Survey. A Report of Survey is used to account for any lost, damaged, or destroyed equipment. From 1983 to 1986 the total dollar amount of Reports of Survey has fallen by nearly 30 percent, saving the Army over $29 million.

Senator **Matsunaga**. Good, thank you. Any of the others?

General **Cheatham**. Yes, sir. We have some facts we can give to the committee.

Senator **Matsunaga**. We would appreciate it very much.

[Subsequently, General Cheatham provided the following information:]

Recognizing that the new GI Bill has not been in effect long enough for our analysts to do a rigorous evaluation of the advantages of the program, I am confident that the trends we see will continue. The new GI Bill is one element of a benefits package that helps us attract the high quality Marine we need today.

Between FY 84, the last year before the new GI Bill, and FY 86, the first full year of the program, our high school graduate percentage went up from 95.4 to 97.5 (up 2.1 percent) and our upper mental group percentages increased from 60.7 to 65.2 (up 4.5 percent).

To show some of the effect of quality, each one percent increase in high school graduate percentage brings approximately 320 additional graduates into the Corps. This added quality can be expected to reduce first term non-EAS attrition by about 50 Marines. These 50 Marines represent an initial investment of $650,000 that is lost when they get out.

Senator **Matsunaga**. Now, for the Active-Duty Forces, how does the New GI Bill compare as a recruitment and retention tool with other incentives, such as regular recruiting bonuses? We can start off with General Elton.

General **Elton**. Senator, we have looked very closely at all the incentives that we can use as far as our recruiting effort; and we found that we draw upon a dual market. That is the market of the young men and women who are headed toward employment, or oriented toward employment; and they seek different things from their service than those who are oriented toward college.

And so, we have got the two primary markets from which to draw recruits. Those who are headed toward the employment sector or the private sector eventually are more interested in the bonus. And the enlistment bonus program in the Army is roughly about $60 to $70 million a year and is targeted on specific military skills. It is very hard for us to recruit, and the bonus is for a 4-year term of service. That is extremely helpful to us because it helps an individual who is highly motivated, and it gives us a young man or woman who will stay the route.

On the other hand, we have the GI Bill and we have the college fund. The Army's college fund is a series of kickers for either the 2-year, 3-year, or 4-year recruit; and it is also highly targeted on those skills which we find very difficult to recruit. I am talking primarily about the combat arms and some of our intelligence skills and those skills that are very difficult for us to recruit and to retain.

So, that just gives them additional dollars with which they can go to college subsequent to their term of service.

I might add, however, that just like the GI Bill, if they don't go to college, they don't get a dime. So, we end up retaining some of those individuals, and they do quite well for us.

So, there are two distinct markets we have found. We need all of the incentives, we think, in the correct proportion, and we are working very hard to demonstrate that we are shepherding very carefully the public treasury in that regard.

Senator **Matsunaga**. Are you saying that the GI Bill is working the way it should be working as far as the Army is concerned?

General **Elton**. Absolutely yes, sir, very much so.

Senator **Matsunaga**. You have been able to penetrate the college-oriented market?

General **Elton**. We feel we have. We feel that, in addition to the targeted incentives, has opened up—as I think I mentioned—about half a million to three-quarters of a million additional individuals who have told us they wouldn't even have considered the service had these benefits not been available.

Senator **Matsunaga**. And I take it that the rest of you will agree that this is truly an important group to penetrate in your recruitment?

Admiral **Carlson**. Yes, very much so.

General **Hickey**. Yes.

General **Cheatham**. Yes.

Senator **Matsunaga**. So, if you have anything to add, Admiral Carlson, we would be happy to hear from you, along the lines of my question.

Admiral **Carlson**. Yes, sir, I understand. Our experience is not unlike that of the Army, that recruits are quite different. There are some who join for the educational benefits. For the 17 or 18 or 19-year-old youngster that is going to join, their perspective and their view of the future may be the next 30 minutes. So, the GI Bill appeals to a lot of parents of recruits more than it may appeal to the recruits.

So, that is a special market that we target. And there is the other individual, maybe a married person, who is about to join the military. They are not interested in the GI Bill, especially since the starting salary is anything but dramatic. So, you know, you start at $600 a month, and if you want to consider that 20 percent of that goes for income tax you are now in the high $400's. Then you give another $100 to the GI Bill, and if you are a married man, you have only $380 left. So, you know, there may not be lot of enthusiasm on the part of those people that we bring in.

But the GI Bill is enormously important and it becomes more important over time for the individual who signs up for it. I subscribe to what General Elton said.

Senator Matsunaga. Thank you very much. General Hickey?

General Hickey. I also agree with both of my contemporaries again; and I would also like to reiterate that it is a very powerful tool, but it is a part of a total package of recruiting, which goes along within the Air Force, with the community college of the Air Force, and with a very dedicated recruiting force.

And as you mentioned, Senator, I think the GI Bill as it is currently structured is really doing a superb job and fits just about as well as I could imagine it into the overall recruiting package.

Senator Matsunaga. General Cheatham?

General Cheatham. The Marine Corps is in a unique situation. We are a manpower-intensive organization, but many of our Marines do not receive the high skill levels of training that can apply to skills marketable in the civilian community. The GI Bill has been a significant benefit to these individuals when they leave the Corps. I'm thinking of the infantryman.

Senator Matsunaga. Yes. I used to be one.

General Cheatham. Yes, sir, I know. I also believe we should differentiate between using the GI Bill as an enlistment and readjustment incentive, and using reenlistment bonuses to assist us in retaining quality Marines. The GI Bill gets us the quality people. We have got to remember that enlistment bonuses and selective reenlistment bonuses provide us the opportunity to manage and shape the force. They are force management tools we can use after that good man is in.

I would never want to get to the place where we would try to lump those as one package—the GI Bill, reenlistment bonuses, etc.

Senator Matsunaga. Thank you. Could each of you provide for the record the percentage of recruits who participate in the New GI Bill as compared with the percentage of recruits who participated under VEAP? We would appreciate that.

[Subsequently, Admiral Carlson and General Cheatham provided the following information:]

Admiral Carlson. Navy participation in the VEAP has historically averaged 24 percent. For the last two months (December 1986 and January 1987) 58 percent of Navy eligibles are participating in the new GI Bill.

General **Cheatham**. Our cumulative participation under VEAP was 33.7 percent as compared to our cumulative participation rate, through January 1987, of 62.6 percent for the New GI Bill.

Senator **Matsunaga**. And now, would each of you describe the impact of the New GI Bill on the quality of the Selected Reserve? General Elton?

General **Elton**. Senator, we have some very specific data on the impact of this bill on our Reserve components. It has been absolutely dynamic to see the change, and yet we must realize that we are asking this 17-year-old to sign up for 6 years in a unit; and they know that if they drop out of the unit, the GI Bill goes away. And so, that is a tremendous commitment that they are making, knowing that the desire is there for their education.

Having said all that, we have seen in a 12-month period, the first 12 months is the data that I will talk to—this is July of 1985 through July of 1986—we saw an increase of 24 percent in the upper mental category recruits for the Army Reserve. We saw an increase of high school graduates of about 9 percent; and as I recall, Chapman Cox mentioned 2 percent in DOD overall. So, you can see that it has really helped the Army Reserve.

Now, in the National Guard, high school graduate increase was 13 percent. And then, those 6-year enlistments, which are very difficult but very important for filling the unit, have increased by 28 percent overall in the Army Reserve. Now, that is just the first year: people beginning to understand it, advertising getting out on the street, people beginning to talk about it and ask their neighbor. And this is very important to us, and we think that that particular part of the GI Bill is extremely important. And we hope very much that it will not disappear.

Senator **Matsunaga**. Yes. Admiral Carlson?

Admiral **Carlson**. We also use that, Mr. Chairman, as a recruiting incentive for the Reserves. It has been significant. The exact numbers that we have seen grow I do not have available, but I will provide that for the record.

Senator **Matsunaga**. Thank you.

[Subsequently, Admiral Carlson provided the following information:]

Admiral **Carlson**. There has been a definite increase in the quality of our nonprior service recruits into the Selected Reserve, and our recruiting command attributes a large portion of this to the GI Bill. The following information expands on the increased quality and retention we have been experiencing.

The number of high school graduates increase from 71 percent in FY 84 to 83.5 percent in FY 86. In FY 87, based on members in Delayed Entry Training (DET), we expect the number of high school graduates to increase to 91.9 percent. We are also realizing a smaller percentage of lower mental group accessions. For example, in FY 84 we accessed a 12 percent Mental Group IV, and in FY 86 that number decreased to five percent with none accessed to date in FY 87.

[In percent]

	Fiscal year—			
	1984	1985	1986	1987 [1]
HIGH SCHOOL GRADUATES				
Percent	71	73	83.5	91.9

[In percent]

	Fiscal year—			
	1984	1985	1986	1987 [1]
MENTAL CATEGORIES				
I, II, IIIA	63	55	63	69
III lower	25	35	32	31
IV	12	10	5	....

[1] Oct. 1, 1986–Jan. 29, 1987

Senator **Matsunaga**. General Hickey?

General **Hickey**. Yes, sir. I must apologize, too, Senator. I don't have the precise numbers of increases we have had in success, but we know it has been successful. We have over 12,000 new participants in the GI Bill for the Selected Reserve. So, it is a very popular program; and as I said, in our surveys, it is the No. 1 incentive for their joining the Reserves right now.

Senator **Matsunaga**. Thank you. General Cheatham?

General **Cheatham**. I will provide, as the others do, Senator, in the same detail; but we have a few figures here. Our 6-year enlistments have jumped 18 percent, and our retention has improved by 8 percent. This totals out to almost 2,800 additional Marines that we have in Selected Reserves.

Senator **Matsunaga**. This is within what time frame?

General **Cheatham**. The year 1985–86, sir.

We figured it saved the Marine Corps in other payments and training and transfer and education and other things about $37 million.

[Subsequently, General Cheatham provided the following information:]

General **Cheatham**. In addition, the participation continues to grow. During the first quarter of FY 87, 87 percent of the 6-year non-prior service enlistments participated in the RNGIB.

Senator **Matsunaga**. Did any of the other services quantify its manpower savings as was done by the Marine Corps?

Admiral **Carlson**. No, Senator.

General **Elton**. Other than what I gave you, the overall number of individuals who have started college in the Reserve and the Guard, based on this program since it started up through December of last year, it is almost 30,000. So, it is comparable to the Marine experience.

Senator **Matsunaga**. If you could go back to people who are familiar with the figures and provide us with those figures, we would appreciate having that for the record, including the amount of dollars saved.

General **Elton**. All right.

[Subsequently, General Elton provided the following information:]

The GI Bill is having a significant impact on the selected reserves. As stated in LTG Elton's testimony above, the GI Bill is partially responsible for increased enlistment among upper-half mental category and high school degree graduate recruits and increased six-year enlistments.

The effect of the GI Bill on reenlistment within the selected reserve is also significant. For example in the USAR, extensions and reenlistments have increased approximately 45 percent since introduction of the GI Bill. Six-year reenlistments have increased 47 percent, and six-year reenlistments as a percentage of total reenlistments have increased by 13 percent. The Army National Guard has experienced similar trends.

Longer enlistments and reenlistments and improved quality represent a savings in recruiting and training costs to the Army. Reliable specific dollar amounts are not currently available. The GI Bill for the reserve components is such a significant change over past education incentive programs that attrition comparisons are not possible. The Army fully expects attrition to be reduced as a result of higher quality recruits and increased incentives to complete longer enlistments and reenlistments. Nonetheless, specific dollar savings will be available only after post-GI Bill attrition rates become available.

Senator Matsunaga. Now, General Elton, in an October 22, 1986 memorandum to the Deputy Secretary of Defense, following up on the Deputy Defense Secretary's visit to an Army commanders' conference, the Secretary of the Army stated, and I quote:

> We were all extremely encouraged by your remarks, particularly those concerning the New GI Bill. Over 80 percent of our new soldiers are presently participatiog in the New GI Bill, which is double the rate that opted for VEAP. The New GI Bill has shown that it is the education incentive best able to attract quality recruits. Because of the individual's improved occupational advantage, the economic return to the local, State, and Federal Governments in terms of tax revenues is estimated to be $3 to $6 for every $1 in GI Bill benefits paid. Without a doubt, the New GI Bill is, across the board, the best educational incentive the Department of Defense has to offer. The Army appreciates your continued support for this valuable program.

Are you familiar with this document?

General Elton. Yes, sir, I am.

Senator Matsunaga. Has there been any change since October 22 in the Army's views on the New GI Bill?

General Elton. No, sir, there has not. In the context of that particular comment, we got Mr. Taft in the room and closed the door, with all the four star commanders in the Army; and they told him how important the GI Bill was in terms of the young soldiers that they were seeing coming to their units, and that prompted that communication.

Senator Matsunaga. Then, without objection, this memorandum will be included in the record very prominently. Thank you very much, and that concludes the questions that I have, gentlemen.

[The memorandum appears on p. 82.]

Senator Matsunaga. Oh, I see that Senator Stafford has just joined us. He has been a very staunch supporter of veterans, and I would ask Senator Stafford if he has any statement at this time, or any questions he would wish to put to the witnesses?

Senator Stafford. Thank you, Mr. Chairman. I have had other commitments that prevented my getting here earlier. I have neither an opening statement or questions at this point.

Senator Matsunaga. I appreciate that very much because we are sort of running short on time. [Laughter.]

Senator Graham?

Senator Graham. In light of your last comment, I will limit my questions to one. [Laughter.]

Each member of the panel commented about the greater effectiveness of the current program over its predecessor, VEAP. I think, General Hickey, you mentioned a seven-fold increase. What are the characteristics of the current program relative to its predecessor that have made it so much more effective?

General **Hickey**. All right. I will take that. First of all, it is the balance of payment and method of payment versus the return that is available to the individual. And then, one of the other features of the VEAP, as I remember it, was that you in fact could not take advantage of it until you completed your initial tour of duty. In the Air Force this amounts to either 4 or 6 years. So, we were actually encouraging people to leave the service instead of having a positive retention incentive.

As a matter of fact, since you asked that question, and Admiral Carlson alluded to it earlier, if there were any adjustments that were made in the bill, I would like to make the pitch that one of the things that would probably even more increase the participation rate of the people in the U.S. Air Force would be if that withdrawal of $100 per month for 12 months could be extended over time and reduced to something on the order of $60 a month for 20 months. Don't take less in total; it would still be the same $1,200 contribution, but make it less of an impact on that individual's early income in the service which, as the Admiral said, is not a very big stipend, anyway.

And I think we could do a great deal more good. Thank you.

Senator **Graham**. Thank you.

Senator **Matsunaga**. I must comment at this time that what we are looking forward to is making the GI Bill permanent, and perhaps any improvements might be made subsequent to the program being made permanent. In that regard, we might save a lot of time in enacting the measure.

General **Elton**. Senator Graham, I would like to add just a couple of comments to Tom's comment on the comparison between the VEAP and the GI Bill. First of all, the programs were, I would say, day and night. One is opt in—that is the VEAP—and the other is opt out—that is the GI Bill. And so, the method of marketing that with the individual is considerably different. There was a tremendous outlay on the part of the individual under the VEAP program—$2,700 with a return of only 2 to 1. So, the individual said to himself: "Well, I am not sure that I can handle that much." On the other hand, the GI Bill is a contribution of $1,200, and with almost an 8 to 1 return.

So, I think that that in itself makes the program much more lucrative to the individual. But still, it is an opt in and opt out; and in the Army and in all the services, I know we counsel them about the benefits of this investment in their future, and it is done in the early stages of their enlistment. Then, they make that decision to either not go with it or to go with it; but they must sign a piece of paper on doing that, and it is not spread out. We make a concentrated effort to provide education in that regard.

Senator **Matsunaga**. General Cheatham?

General **Cheatham**. I would support an initiative to give our new recruits a little bit longer to pay their portion of the bill. I think this is a key. The stresses that are on a young recruit in the initial stages of entering the Marine Corps—those first few weeks—if he had a little bit longer to adjust and find out the world really isn't that way every day—— [Laughter.]

Then we would have a better chance of getting him in the program.

Senator **Matsunaga**. Fine. Now, before I excuse the panel, I have been asked by Chairman Cranston to express his appreciation for the most forceful and effective manner in which each of you, representing your respective service, has assisted this committee. And especially since you come from California, he asked me to extend his appreciation for your effort, General Cheatham and Admiral Carlson.

General **Cheatham**. Thank you.

Admiral **Carlson**. Thank you.

Senator **Matsunaga**. Fine. Senator Mitchell has prepared a statement, and that statement shall appear in the record in the appropriate place.

[The prepared statement of Senator Mitchell appears on p. 60.]

Senator **Matsunaga**. Our next witnesses consist of a panel of Mr. Richard W. Johnson, Director of Legislative Affairs, Non Commissioned Officers Association; Col. C. Judson Lively, Director for Retirement, Reserve Officers Association of the United States; Maj. Gen. Robert F. Cocklin, AUS (Ret.), Executive Vice President, Association of the U.S. Army; Col. Charles C. Partridge, U.S. Army (Ret.) Legislative Counsel, National Association for Uniformed Services; Mr. Rudy I. Clark, Director of Military and Government Relations, Air Force Sergeants Association; and Mr. Robert W. Nolan, National Executive Secretary, Fleet Reserve Association.

You all have come with prepared statements?

Mr. **Nolan**. Yes, sir.

Senator **Matsunaga**. We will begin then with Mr. Johnson.

STATEMENT OF RICHARD W. JOHNSON, DIRECTOR OF LEGISLATIVE AFFAIRS, NON COMMISSIONED OFFICERS ASSOCIATION

Mr. **Johnson**. Thank you, sir. I ask that my prepared statement be entered in the record, and I would like to make just a few brief comments this morning.

Senator **Matsunaga**. Without objection, your full statement will be included in the record.

Mr. **Johnson**. First, the Non Commissioned Officers Association offers its strong endorsement to S. 12 and encourages the committee to enact the measure. The New GI Bill has proven to be a very effective tool, not only for recruiting new people into the Armed Forces, but also as a benefit for veterans. And I think that we need to emphasize that this is a veterans readjustment benefit.

To enact S. 12 will assure the benefits and rewards of a higher education to the next generation of young men and women who are serving their country today and will serve in the future. Therefore, we strongly endorse that program.

We also ask the committee to retain funding responsibility for the basic benefits of the New GI Bill at the Veterans' Administration. I think it is apparent from prior testimony this morning and testimony received during the creative process of the New GI Bill that the Department of Defense heart is not particularly pure on the readjustment value of the benefit. During the creative process, DOD sought to selectively use the New GI Bill as a recruitment tool. Failing that, DOD sought a trigger authority which would allow service secretaries to turn on benefits for the New GI Bill in periods of slow recruiting and to turn it off again in periods of better recruiting.

Since the New GI Bill was created, DOD has asked in its funding request for fiscal year 1987 that the New GI Bill be eliminated. And as a prior witness stated this morning, DOD is already working on a proposal which would cut benefits for people who are recruited under the New GI Bill after July 1, 1988. In this sense, the Department of Defense misses the primary reason for that bill to exist, and that is as a readjustment benefit for veterans.

It has a secondary purpose of assisting recruiting, but it is primarily a readjustment benefit for veterans. As such, we think it should be continued under VA funding and under full VA supervision.

Also addressed in our prepared statement, Mr. Chairman, are three additional improvements that we have asked for in the New GI Bill. We have asked that the committee consider eliminating participation fees, which discriminates against many young men and women who, by virtue of prior commitments or other financial commitments, are unable to participate in the New GI Bill. It is a "rich get richer" situation. Those who can afford to participate will have the benefits of a higher education. Those who unfortunately cannot afford the $1,200 pay forfeiture required in the first year of service will remain poor. They will remain poor both financially and in education. The fee, as noted earlier, Mr. Chairman, was forced into the program by proponents of the draft; and it has failed to diminish the value of the program. However, it directly discriminates against those who would be drafted.

In the Democratic response to the State of the Union address, House Speaker Jim Wright specifically praised prior GI Bills as the very best financial investment this country ever made. He went on to say, and I quote: "It has actually repaid the Treasury about $20 for every dollar invested in the program." In the opinion of NCOA, that is enough. We do not and should not haveto have a pay forfeiture.

But as General Hickey of the Air Force said here this morning, if there must be a pay forfeiture, it should be made easier on the people who participate. It should be a refundable forfeiture for those who subsequently cannot take advantage of their GI Bill benefits; and at the same time, if it is to be continued, we concur in the Air Force recommendation that the contributions be allowed to be made over a longer period of time.

The final two aspects that we have addressed in our prepared statement concern standard eligibility. One would allow participation upon reenlistment by those who previously declined participation. This is fully consistent with the original purpose of the bill of encouraging people to continue in service. And we have also asked that the committee take a look at benefits again for career servicemembers.

Thank you, Mr. Chairman.

Senator MATSUNAGA. Thank you, Mr. Johnson. We will now hear from Colonel Lively.

[The prepared statement of Mr. Johnson appears on p. 84.]

STATEMENT OF COL. C. JUDSON LIVELY, JR., U.S. ARMY (RET.), DIRECTOR FOR RETIREMENT, RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Colonel LIVELY. Mr. Chairman and members of the committee, the Reserve Officers Association appreciates allowing us this opportunity to express our support for S. 12.

As this committee knows, 3 years ago ROA worked with many of you in support of a New GI Bill. We believed then that the existing VEAP educational program was not doing the job. A New GI Bill of the type that was under consideration and which later became law as a test program, would have a beneficial impact on recruiting, retention, and on the quality of the force. We also believe that we have been proven right on all three counts.

All the reports that ROA has received indicate that the New GI Bill has been a great success. In fact, when continued funding for this program was not included in the administration's budget request for fiscal year 1987, ROA's Mid-Winter Conference, which happened to be going on just at the time that the administration's budget was released last year, adopted an emergency resolution urging the administration to continue, extend and fund this effective educational assistance program. We are pleased to note that the Congress did just that.

The distinguished chairman of this committee mentioned in his floor statement when he introduced S. 12, and the same point was reemphasized by General Elton of Army, their statistics show a marked recruiting improvement under the New GI Bill. Data obtained from the Reserve and Guard components of the Army and Air Force also show improvements in enlistment, reenlistment and retention since the start of the New GI Bill.

The attractiveness of this program to the individual servicemember is clearly illustrated by the fact that in the Active Army, during the period of July 1985 to September 1986, 74 percent of those eligible enrolled in the program. And in the Army Reserve components at the same time, over 21,000 applied for this New GI Bill; and as General Elton said, by December of last year, it was up to 30,000.

And remember that these were Reserve personnel who had enlisted for 6 years. They had completed 6 months, and they completed the basic skill training. So, these were new pluses.

Chartered by Congress with the goal of furthering national security, ROA supported the New GI Bill as a recruiting benefit applicable to the total force. As a voice for Reserves, we would be remiss in not emphasizing the importance of this program for the Reserve component.

The New GI Bill provides educational assistance to a large number of members of the Reserve component for the first time. Without the bill, Reserves would be without eligibility for assistance. Given the shrinking number of persons eligible for military service, competition from the private sector, and the high retention rate of the Active Force, the importance of this educational assistance for the Reserves cannot be overemphasized, especially at a time when budget cuts are shifting more and more missions to the Reserves, we have the need for added personnel.

ROA believes that this New GI Bill is good not only for the services and the individual, but it is also good for our country. If we are to remain a vital and a competitive country in today's world, educating the population is essential. This is recognized by the large amount of dollars that go for nonmilitary service related educational loans and grants. For example, the Department of Education spent over $3.8 billion in Pell Grants just in fiscal year 1985, and that, of course, is for a GI Bill without a GI. So, ROA believes that if an individual wants to serve his country, either in the Active or in the Reserve component, it is highly appropriate for that service to be recognized through an educational assistance program.

Thus, we as an association applaud this committee for the efforts it is making to eliminate the termination date, and we support the objectives of S. 12. And we appreciate everything this committee has done for those who have served in the past and are currently serving.

Senator **Matsunaga**. Thank you very much. We will now hear from General Cocklin.

[The prepared statement of Colonel Lively appears on p. 91.]

STATEMENT OF MAJ. GEN. ROBERT F. COCKLIN, AUS (RET.), EXECUTIVE VICE PRESIDENT, ASSOCIATION OF THE U.S. ARMY

General **Cocklin**. Thank you, sir. I appreciate the chance to tell you how strongly our association supports S. 12 and the effort to make the GI Bill permanent. In the interest of the committee's time, I have only four points that I would like to bring forward that we think are particularly important.

First, the GI Bill is not an outright grant. As you well know, the active duty soldier contributes $100 a month for 12 months for his or her participation in the GI Bill, and that sum is subject to forfeiture if at a later time the college education is not pursued. The Reserve component soldier contributes 6 years of service in lieu of a cash outlay for his participation in the benefits. So, it is not an outright grant.

We have heard a lot of discussion this morning, with which we thoroughly agree, and that concerns the impact of the GI Bill on quality enlistments. I don't think that can be overestimated, and I think the figures that the various service personnel directors presented this morning show that.

Student loans and grants administered by the Department of Education are estimated to cost about $8 billion annually. And as you heard this morning, the peak figure estimated for the GI Bill is $1 billion. That is quite a difference. In addition, the Government retains the military services of those who use the GI Bill, which is not so for those who get loans and grants. I didn't hear this this morning, and I think this is a point you need to consider as well: that the colleges and universities of our country are well aware of the impact of the GI Bill—how it impacts on their diminishing enrollments and budgets. And this has nurtured a recently arrived at agreement between the Army and the Association of the Collegiate Registrars and Admissions Officers which provides Army counseling and assistance to those leaving the service and getting their college placement lined up prior to their departure from the service; this is a new deal.

I have detailed in my formal statement additional advantages which accrue from the permanent GI Bill, but it certainly seems to us that the true beneficiaries are the country, the Army, our colleges and universities, the parents, and certainly our soldiers. We have got a real winner in the GI Bill, and we ought to make it permanent.

We support wholeheartedly the points that NCOA has made in things that could make the bill better; but I sort of share the chairman's view that maybe we ought to get it made permanent, and then massage it into a better form.

Thank you, sir.

Senator MATSUNAGA. Thank you very much. We shall now hear from Robert Nolan of the Fleet Reserve Association.

[The prepared statement of General Cocklin appears on p. 96.]

STATEMENT OF ROBERT W. NOLAN, NATIONAL EXECUTIVE SECRETARY, FLEET RESERVE ASSOCIATION

Mr. NOLAN. I, too, shall summarize, Mr. Chairman. We support this committee's endeavor to make the GI Bill permanent. The idea is very straightforward, practical, cost effective, and logical when viewed from every consideration. Just let me cite the experience we have had and the information we have learned at the Sea services recruiting areas.

Based on statistics over a period from July 1, 1985 through September 30, 1986, over 56 percent of eligible recruits have chosen to participate in the GI Bill. At the Naval Training Center in Orlando, from October 1985 through mid-February 1986, 29 percent of all recruits participated in the New GI Bill program. From mid-February 1986 through October 1986, this participation rate rose to 40 percent.

In fiscal year 1986, 54 percent of all eligible Marine recruits at the Marine Corps Recruit Depot at Parris Island participated in the New GI Bill. Now, that is a clear 2 to 1 improvement in the participation rate, which was 23 percent of the recruits who participated in VEAP.

Naval Reserve officials state that the Naval Reserve would be hurt significantly if the New GI Bill's termination date is not extended beyond 1988. The Naval Reserve states that it also is enjoying a substantial increase in reenlistments and extensions under the bill, with corresponding increases in readiness and units' abilities.

Last week, the FRA participated in hosting the Navy's Recruiter of the Year Week here in Washington, D.C. We met and discussed recruiting with the top 20 officer and enlisted recruiters of 1986. Each and every one of them unequivocally stated that the New GI Bill is their most attractive lure to young potential enlistees in the upper mental categories.

As you know, Congressman Montgomery, Chairman of the House Veterans' Affairs Committee, is introducing identical legislation to S. 12 as H.R. 1400. He has informed me that presently his measure has over 150 co-sponsors in the House, including every member of the House Veterans' Affairs Committee and a vast majority of the House Armed Services Committee memberships.

Mr. Chairman, we sincerely appreciate the hard choices the 100th Congress faces in deciding what programs to fund, but the one thing we must fund is military readiness, and the one absolutely indispensable weapon we must assure ourselves of having is people. The New GI Bill is the best recruitment and retention tool we have today. Without it, our military readiness and stability would deteriorate dramatically, while training costs, attrition, and discipline problems would increase. Therefore, we urge you to enact the provisions of S.12 immediately so as to send young America a message that the New GI Bill is here to stay.

We thank you, Mr. Chairman.

Senator **Matsunaga**. Thank you, Mr. Nolan. We will now hear from Colonel Partridge.

[The prepared statement of Mr. Nolan appears on p. 99.]

STATEMENT OF COL. CHARLES C. PARTRIDGE, U.S. ARMY (RET.), LEGISLATIVE COUNSEL, NATIONAL ASSOCIATION FOR UNIFORMED SERVICES

Colonel **Partridge**. Thank you, Mr. Chairman. I appreciate the opportunity to express our support for S. 12 and making the New GI Bill permanent. It has proven to be a great readjustment device for veterans, and we strongly urge that the funding of the basic benefit be continued by the Veterans' Administration. The supplements and kickers can be funded by the Department of Defense.

We believe that it should not be a targeted program.

You asked a question earlier—and I won't go through the rest of my statement, since most of it has been covered—but you asked the question earlier about data concerning cost. I don't have data concerning dollar cost, but I do have some results of studies that the Army did concerning performance on the battlefield by soldiers in the higher mental categories, I through III(a), which the GI Bill attracts. The difference in the performance was interesting to me, and I think it will be to the committee.

Air defense gunners who fire the Stinger missiles had successful engagements in 67 percent of the time of enemy aircraft—simulated enemy aircraft—if they were in the mental categories of I through III(a). Those below that mental category were successful in less than 50 percent of the engagements. The performance in the Canadian Cup for armor crewmen, which is the tank crewman's equivalent of the America's Cup, in NATO each year, these crewmen in the I through III(a) categories had a 7 to 1 kill ratio in tanks compared to 1½ to 1 for those in the lower mental categories.

And in the basic combat arm—the one that you served in in the infantry—the rifleman in the I to III(a) categories killed opposing infantry at a ratio of 2 to 1 versus 1 to 1 in the lower mental categories. So, I think the GI Bill has proven its ability to attract smart young people in the military.

It is not only good for the Nation and our military services, but it is going to have an effect on the battlefield. Thank you.

Senator **Matsunaga**. Thank you very much. We will now hear from Mr. Clark.

[The prepared statement of Colonel Partridge appears on p. 106.]

STATEMENT OF RUDY I. CLARK, DIRECTOR, MILITARY AND GOVERNMENT RELATIONS, AIR FORCE SERGEANTS ASSOCIATION

Mr. **Clark**. Thank you, sir. Thank you for the opportunity to present the views of the Air Force Sergeants Association in support of S. 12, the New GI Bill Continuation Act.

There is solid proof that the New GI Bill is a potent recruiting tool. However, the present success in recruiting quality of young men and women could be jeopardized by changing conditions in the future, conditions for which we must be prepared or suffer the consequences as we did in the 1970's. With a diminishing manpower pool throughout the decade of the 1980's and into the 1990's, the risk of trying to cut corners in compensation for military personnel cannot be ignored. The New GI Bill is a proven winner, unlike the VEAP program which produced a dismal 6 percent average participation rate for Air Force recruiters during 6½ years. The New GI Bill has attracted a solid 42 percent participation rate in a relatively short period of time.

Based on my conversations with enlisted men and women at numerous Air Force bases, we feel there is an opportunity to double that 42 percent signup rate by making a few minor modifications to the existing program.

First, we would ask this committee to consider reducing the monthly contribution from $100 a month to $60 a month and spread the payments out over a 20-month period. When you consider that $100 a month represents almost 20 percent of an airman's pay after taxes, that presents a difficult decision for a new recruit to make upon entering the service.

The second modification to attract more participants is to allow the services to refund contributions to the member if he or she decides not to utilize the New GI Bill after separation from the service. Also, if the servicemember died, the money he or she contributed should be refunded to the beneficiary.

We urge the committee to consider these recommendations sir, one of your distinguished colleagues, the Honorable Bill Armstrong from Colorado, summed up the value of the New GI Bill when he made the following comment: "The GI Bill should not be viewed solely as a recruitment measure. The GI Bill is an investment in America's future, one from which everyone benefits—the beneficiaries who obtain a college education, the colleges and universities they attend, our society as a whole."

Thank you again, sir, for the opportunity to present our views.

[The prepared statement of Mr. Clark appears on p. 111.]

Senator **Matsunaga**. Thank you very much, each and every one of you. I think you have made a great contribution to the committee. As I recall, I think every one of you appeared here about 7 years ago. I think it was through your efforts that the educational incentives were provided to those on active duty and to the Reserve Forces. And in large part due to your leadership and support, we now have a peacetime GI Bill, which we hope to continue without interruption.

And I thank you again for your continuing support. I would like to pose the same question to each of you regarding the longer term need for the GI Bill as we enter the 1990's. Specifically, to what extent do we need the GI Bill as a recruitment tool as the pool of 17 to 20-year-olds decreases to 13 million by late 1991, which means that the services would have to draw a higher percentage of recruits from a smaller pool?

Mr. JOHNSON. Mr. Chairman, the services will always be competing with colleges for top quality recruits. The GI Bill is about the only attraction the services have to compete with. They are also competing with $7 billion—at least this year—in education outlays in grants and loans through the Department of Education. So, a GI Bill is a very integral part of providing the services with a competitive basis to get college-bound recruits. As previous GI Bills have shown, interest among recruits in joining the services has ranged from 34 to 44 percent generally who will come to you for a GI Bill. There is no reason for us to suspect that figure will do anything but improve in the years ahead.

Senator MATSUNAGA. Thank you. Colonel Lively?

Colonel LIVELY. Mr. Chairman, I agree with what my colleague has said. The way you get people into the service is a combination of your pay, your bonuses, and the educational benefits. Each of these combinations can appeal to different ones. The Army has found with the New GI Bill that they have been able to appeal to and attract a much higher percentage of high school graduates in the mental categories of I to III(a).

These individuals are quicker to learn; they complete their tours of service; and they don't abuse their equipment. Thus, they don't cost the service as much during the time they are in. We know that they are going to get out and take advantage of the GI Bill, but they are a definite asset while they are there.

So, I think you are going to see a continued need on into the 1990's, as our recruitment pool shrinks, for this triad, including the GI Bill.

Senator MATSUNAGA. General Cocklin?

General COCKLIN. I would just make the point, sir, that I think the GI Bill will become increasingly important in the 1990's, both because of the smaller pool, but also as the service representatives here this morning pointed out, the GI Bill brings in the higher quality soldier. And we are going to need higher and higher quality soldiers to deal with the technical improvements that are constantly entering the equipments of our Armed Forces.

So, I would think the GI Bill in the 1990's would be even more important than it is now.

Senator MATSUNAGA. Thank you. Mr. Nolan?

Mr. NOLAN. Mr. Chairman, it appears to the FRA that the GI Bill has become a part of American life—"Americana" if you will—over the past three generations. I think we would be most foolish not to capitalize on that good strong feeling and understanding and the fine reputation that the GI Bill has as a tool. And certainly, it would seem to me that it would be most wise to keep a basic program such as we have now today in force so that it could be adjusted or fine-tuned to meet the various changes that society would impose upon us in the future.

Senator **Matsunaga**. And Colonel Partridge?

Colonel **Partridge**. Mr. Chairman, we think it is going to become more and more important because the manpower pool is dwindling; and we are going to need top quality people, as General Cocklin said. And although many of these people will come in with the initial idea of doing a certain number of years and get out, many of these are going to stay. So, the military is going to have access to a large group of people they would not otherwise have had who will make the military a full career.

Senator **Matsunaga**. Mr. Clark?

Mr. **Clark**. Just one comment that hasn't been covered, and it was mentioned once this morning. I am not so sure how the recruiting goes, but I know how the recruting of the parents goes. That is exactly where it happens—in the living room. And I know parents are concerned about the New GI Bill. Is my son or daughter going to be provided an opportunity to further his or her education?

Senator **Matsunaga**. Thank you very much, all of you. You have been truly helpful and, of course, the chair more-or-less knew what your answers would be; but we want your answers in the record.

Mr. **Nolan**. Thank you very much.

Colonel **Lively**. Thank you, sir.

General **Cocklin**. Thank you, Mr. Chairman.

Senator **Matsunaga**. Our next panel of witnesses consists of Mr. Dennis M. Cullinan, Assistant Director, National Legislative Service, Veterans of Foreign Wars of the United States; Mr. Joseph E. Miller, Assistant Director, National Legislative Commission, and James Hubbard, Deputy Director, National Security Commission, The American Legion; Mr. Richard F. Schultz, Associate National Legislative Director, Disabled American Veterans; Mr. Bob Moran, Associate Legislative Director, Paralyzed Veterans of America; and Mr. Ralph Spencer, Regional Vice Chairman, accompanied by June Willenz, Executive Director, American Veterans Committee.

All right, then. May we begin with Mr. Cullinan of the Veterans of Foreign Wars?

STATEMENT OF DENNIS M. CULLINAN, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. **Cullinan**. Thank you, Mr. Chairman. I will be brief. Again, I would like to thank the Chairman and the members of this committee for this opportunity to present the views of the Veterans of Foreign Wars with respect to S. 12. This bill enjoys our full support inasmuch as it would make permanent a program which is both a potent recruiting tool for the Armed Forces and very importantly a valuable readjustment benefit, facilitating the transition of those members of the Armed Forces who elect to return to civilian life.

We thank and congratulate those responsible for S. 12's introduction. As you know, the VFW has long stood for a strong national defense. We firmly believe that the very foundation of our ability to protect and defend our country lies in a strong, capable true force, which is ready, willing, and able to respond to the civil and martial exigencies of this modern age. We believe that our Armed Forces now are in a position to do just this and that the New GI Bill is playing an essential role in achieving and maintaining this crucial capability.

The New GI Bill is a low cost and highly patriotic means for this Nation's young people who could not otherwise afford it to further their education and then fully achieve their potential, both as mature individuals and as informed citizens.

The VFW is highly concerned with the career and personal needs of those in the service of their country, both while in the Armed Forces and after they have returned to the private sector. The VFW has long understood that the education and training received while in the military often is not sufficient to adequately meet career goals once out of the service.

In this regard, the New GI Bill is designed to provide the financial resources so very necessary to achieve the professional or vocational skills necessary for success in this age. The military environment invests the young person with an unusually high degree of maturity and self-confidence.

Nonetheless, the transition from the rigor and discipline of military life to the more capricious and indefinite contingencies of civilian society is often not easy. This is where the New GI Bill can serve as an invaluable readjustment aid. The New GI Bill provides not only the means of achieving the professional or vocational skills necessary for financial success, but also affords those reentering civilian life the opportunity to enter an academic or educational milieu, wherein their values and views may be considered in a relaxed yet intellectually disciplined fashion.

They are given a chance to carefully compose the intellectual and moral principles which will guide them through the remainder of their lives, and out of such carefully constructed principles are born the finest citizens this Nation has to offer. One additional point: young men and women may very wisely choose to enter the military and then upon completing their enlistment, just as wisely choose to leave it. Even so, leaving the certainties of military service for the uncertainties of civilian life is for many an intimidating step to take.

This is especially true for anyone who comes from a lower economic sector of society and who, therefore, cannot be expected to have an especially happy or clear view of what the world outside of the military holds for them.

Once again, the New GI Bill can be tremendously beneficial for such young men and women. Due to the aid provided by the New GI Bill, these individuals know they have the means of at least achieving a near-term goal, namely educational or vocational betterment, which may lead to social and financial well-being in the future. In other words, they do not have to feel that leaving the military will result in their being left out in the cold.

Because of the New GI Bill, these young men and women know they have a chance. As a readjustment aid for veterans returning to civilian life, an incentive to attract high quality young people into the military, and a prudent investment in our Nation's human resources, it would be difficult to design a better program than the New GI Bill.

Therefore, the Veterans of Foreign Wars strongly supports S. 12, which would make an invaluable readjustment program permanent. Thank you, Mr. Chairman.

Senator **Matsunaga**. Thank you very much, Mr. Cullinan.

We will now hear from Mr. Spencer.

[The prepared statement of Mr. Cullinan appears on p. 114.]

STATEMENT OF RALPH SPENCER, VICE CHAIRMAN, AMERICAN VETERANS COMMITTEE, ACCOMPANIED BY JUNE WILLENZ, EXECUTIVE DIRECTOR

Mr. **Spencer**. Thank you, Mr. Chairman and members of the committee. The American Veterans Committee welcomes the opportunity to testify before you today on behalf of the proposed legislation, S. 12, which would provide for the continuation of the current GI Bill and the program of educational assistance for members of the Selected Reserve.

My name is Ralph Spencer and, as Vice Chairman of the American Veterans Committee, I am very pleased to present the views of AVC to this committee on behalf of the important legislation. During World War II, I served in the Army Air Force overseas and was a captain in the Reserves after World War II. Our Executive Director, Ms. Willenz, I believe is the only woman executive director of a national veterans' organization. She has served our organization well for more than 25 years.

AVC has always supported educational benefits as a positive means of assisting veterans' return to civilian life. Many of the AVC members, including myself, have utilized past GI Bills and have achieved a professional status as a result of this historic veterans' benefit. AVC's platform spells out a clear-cut support for permanent GI Bill. AVC believes that experience has shown that the Federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form of higher income tax collected from those whose education, financed by the GI Bill, has resulted in higher earnings.

AVC supported the original World War II GI Bill and those that came afterward. In 1972, AVC held a landmark national conference on the educational problems of Vietnam veterans, at which new directions for upgrading that GI Bill for Vietnam veterans were discussed and formulated. AVC has always preferred the World War II model of the GI Bill providing veteran students separate tuition and living allowances, which gave veteran students a greater choice among colleges and universities; but that form was dropped in favor of the present single subsidy.

As General Omar Bradley has reminded us, the GI Bill is investment in human beings; it is not a subsidy or a handout. We also would like to point out that, while AVC was formed at the end of World War II in the hope of achieving a more peaceful world, four decades later the task is still before us. Acknowledging that the world we live in is not the best of all worlds, AVC recognizes that our national defense is a key ingredient to achieving this objective.

And the highly sophisticated weaponry and complicated technology that characterize our present military force place many more intellectual demands upon military personnel than the simpler weapons systems of the past.

Evaluation of the current GI Bill reveals that it has been able to attract more high school graduates than the previous VEAP program. There is a strong reason to believe that continuation of the present program will continue to attract the high school graduates who aspire to higher education.

We do suggest that there are important questions that still need to be addressed by the American public. While the GI Bill hopefully will attract a more representative mix, is that enough? Does the burden of military service still fall only upon part of the population? Does the All-Volunteer Force fail to draw upon the more privileged and wealthy? What are the implications for a society that fails to include all segments of the population in the sharing of the defense of the Nation?

Is it more desirable to have a sampling of all economic and social classes participating in meeting the military manpower needs? Would the Nation be better off with a form of national service?

Do not these questions call for a national debate as future manpower policies are reviewed?

On philosophical grounds as well as for practical reasons, AVC supports the indefinite continuation of the present GI Bill. We specifically urge the responsibility for administering the GI Bill be kept by the Veterans' Administration and not transferred to the Department of Defense. AVC supports S. 12. The bill should provide permanent educational benefits from a grateful Nation. It is about time that public policy be established that a GI Bill is in the national interest and should not need to be reenacted by every congress.

Mr. Chairman, the AVC thanks you for the opportunity to testify on behalf of this important legislation.

Senator MATSUNAGA. Thank you, Mr. Spencer.

We will now hear from Mr. Miller.

[The prepared statement of Mr. Spencer appears on p. 119.]

STATEMENT OF JOSEPH E. MILLER, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, AND JAMES HUBBARD, DEPUTY DIRECTOR, NATIONAL SECURITY COMMISSION, THE AMERICAN LEGION

Mr. MILLER. Mr. Chairman, I am Joseph Miller, the Assistant Director of the National Legislative Commission of The American Legion. With me is Jim Hubbard, Deputy Director of our National Security Commission. Since his program division has primary jurisdiction over defense-related issues, we would like him to deliver our testimony, with your permission.

Senator MATSUNAGA. We would be happy to hear from you, Mr. Hubbard.

Mr. HUBBARD. Thank you, Mr. Chairman. It is really nice to be in a no-lose situation, and the 2.7 million members of The American Legion are pleased to add our voices to the chorus in general support of S. 12. You may recall that we were the originators of the original GI Bill after World War II. As such, we are proud to offer our continued support for programs of this nature.

The All-Volunteer Force is now 14 years old. Earlier attempts to provide contributory educational assistance had such low participation rates that they served little practical use in attracting high quality individuals to military service.

The Armed Services, as we have heard this morning, all agree that the New GI Bill with its aggregate percentage participation rate of 58 percent, has clearly reversed the recruiting difficulties experienced by them in some cases over the last 14 years and has clearly opened up a brandnew market for military recruits.

For these reasons, the Legion feels that removing the expiration date for eligibility for educational assistance under the New GI Bill is an essential first step in ensuring that the services will have access to high quality recruits now and in the future. I would also add our voice to that of our colleagues in what has been generally said. .

As I said, it is nice to be in a no-lose situation. Thank you, Mr. Chairman.

Senator MATSUNAGA. Thank you very much.

Mr. MILLER. Mr. Chairman, we would like to have our full statement be entered in the record.

Senator MATSUNAGA. Without objection, your statement will be included in the record as though presented in full.

Mr. MILLER. Thank you.

Senator MATSUNAGA. We will now hear from Mr. Moran.

[The prepared statement of Mr. Miller and Mr. Hubbard appears on p. 124.]

STATEMENT OF BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. MORAN. Thank you, Senator Matsunaga. On behalf of Paralyzed Veterans of America, I would like to say we support S. 12 and commend you and the chairman of the committee for the introduction to make the program permanent. Although we do understand it helps recruit quality individuals, we view it as a readjustment benefit; therefore, we feel it should stay with the Veterans' Administration funding and adjudication.

Thank you very much.

Senator MATSUNAGA. Thank you. We will now hear from Mr. Schultz.

[The prepared statement of Mr. Moran appears on p. 127.]

STATEMENT OF RICHARD F. SCHULTZ, ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. SCHULTZ. Thank you, Senator Matsunaga. On behalf of the more than 1 million members of Disabled American Veterans, I wish to thank you for the opportunity to appear here today.

Mr. Chairman, as you know, the DAV is composed of honorably discharged Veterans who were wounded, injured, or otherwise disabled during time of war and, quite naturally, our concerns are for those programs that are under chapter 31 and chapter 35 for disabled veterans and their dependents and survivors.

We nevertheless are concerned with those Federal programs which have been designated to enhance the educational opportunities of veterans in general. I also wish to add that we are quite concerned with and we do fully support a strong national defense.

In closing, I just would like to add that the DAV is well aware of the great contributions made by the prior GI Bills, and we fully hope and we fully expect that the current New GI Bill will follow in its footsteps. I would also like to add that we feel that the New GI Bill will serve as an excellent transition mechanism by enhancing the future employment opportunities for those individuals who elect to return to civilian life following their tour of active duty in the military service. That concludes my statement.

Thank you.

Senator **Matsunaga**. Thank you very much, all of you, for your fine statements and your strong support.

[The prepared statement of Mr. Schultz appears on p. 131.]

Senator **Matsunaga**. Did you have anything to add, Ms. Willenz?

Ms. **Willenz**. Thank you, Senator Matsunaga. I would just like to add that the American Veterans Committee also endorses the idea that the $1,200 contribution is a rather heavy burden and that, at the minimum, it should be spread out over a longer period of time. Furthermore, the period of time for the young person to decide whether to participate in the program is much too short. We would like to see that extended.

One other thing we wanted to emphasize as the others—my colleagues—have is that the GI Bill should primarily be seen as a readjustment benefit, and that the Nation has a kind of an obligation to help in the transition of young people who give several years of their lives to serve their country in the military services, and that this is a concept of making up for opportunities and time lost that they might otherwise be doing other things and working.

So, therefore, I think the original concept should not be lost sight of. One other thought is that in thinking of it as a readjustment benefit, we must remember that the GI Bills have been proven to not only enhance the tax dollars and the quality of life for many of our citizens, but their children and their grandchildren, of raising aspirations for education. It has changed the whole character of our society, and we must not only think in terms of tax dollars. We want a more highly educated citizenry, and that is another benefit. Thank you.

Senator **Matsunaga**. Thank you very much. Again, I thank you all. Of course, your respective organizations have been advocates of the GI Bill now for some four decades, and your support for the New GI Bill Continuation Act means a lot to this committee. A continuum of the New GI Bill requires a continuum of leadership, and we thank each of you and your organizations for providing that leadership.

There is a vote on the floor now. Five bells will go off now, which means that I have 7½ minutes to get there.

I would like to pose the same question to each of our panelists regarding the longer term need for the GI Bill as we enter into the 1990's. I believe you heard my question earlier when you were in the audience relative to the pool of 17 to 20-year-olds getting smaller—to 13 million—by 1991 and thus providing a smaller source from which to recruit. We will have to draw a higher percentage from that pool. If you will submit for the record your reaction to that question, I would appreciate it.

[The information requested appears on p. 135.]

Senator **Matsunaga**. I will now turn over the hearing to the Chief Counsel of the Committee, Mr. Steinberg, and he will continue to take testimony. I will go and vote and return immediately. I will ask Mr. Steinberg to call the next panel for testimony. Thank you again. I will be right back.

Mr. **Steinberg**. Thank you, Mr. Chairman.

We will give each of the veterans' organizations a copy of that brief question so you will have that to respond to in writing.

The next panel consists of Allan W. Ostar, President, American Association of State Colleges and Universities; Edward J. Liston, President, Community College of Rhode Island, on behalf of the American Association of Community and Junior Colleges and the Association of Community College Trustees; and Dr. Edward C. Keiser, Past President, National Association of Veterans Program Administrators. Would you all please come forward and be seated?

Mr. Ostar, would you lead off, please?

STATEMENT OF ALLAN W. OSTAR, PRESIDENT, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

Mr. **Ostar**. All right. I will be glad to. Mr. Steinberg, my name is Allan Ostar. I am President of the American Association of State Colleges and Universities. On behalf of the Association, we want to thank you for the opportunity to testify on what we regard as a matter of vital national importance.

Clearly, the members of the committee are aware that the New GI Bill influences much more than military service. It is a model military higher education partnership, if you will, which benefits the military services, all segments of American higher education, the economy, and society as a whole.

The 372 members of our Association are publicly supported 4-year institutions that grant Baccalaureate, Masters, and Doctoral degrees enrolling more than 2.5 million students.

Our institutions are committed to maintaining the special role that public colleges are destined to fulfill in American society—that of providing educational opportunity for all individuals, regardless of ethnic background or economic conditions. Historically, the American investment in higher education, particularly when linked to national service, has been extremely successful. The roots of the experimental program under consideration today are based on the World War II GI Bill. Personally, I am somewhat biased in favor of that program because it put me through college, just as it did many members of the committee.

However, even the most objective analysts have agreed that the original GI Bill was a substantial factor in building the tremendous strength of our American economy through the 1950's and 1960's. Indeed, the praises of this program continue to be sung. Only a week ago, the Honorable Jim Wright from Texas in his response to the State of the Union address called the GI Bill one of the greatest investments America has ever made. For every $1 the Government invested, it received $20 in increased tax revenues.

Thus, the historical foundation and the economic justification for a New GI Bill could not be stronger. The committee has heard and will continue to hear the military experts speak about the substantial benefits of the New GI Bill for our defense needs. I believe these benefits are justification enough for making the New GI Bill a permanent benefit. However, I would like to add some additional points from an educator's perspective.

The New GI Bill also benefits the individual recruit as both a financial incentive, an intellectual challenge for readjustment to civilian life through continued education. It is also an important aid to the quality of American education in general in that it provides confident, motivated students who bring diversity and a sense of responsibility to our Nation's college classrooms. In the light of changing demographics and the aging of American society, it is vital that we achieve the absolute maximum potential from our young people. Ultimately, the principal beneficiary of the GI Bill may well be the people in the Government of the United States, in the boost that it provides the American economy and increased tax revenues it generates.

In my 21 years as president of our association, I have cited that the strength of our society is based on a strong and balanced relationship between three major elements of American life: the national defense, a productive, healthy economy, and an effective system of education.

America cannot be strong if any one leg of the three-legged stool is weak. In effect, the New GI Bill is a model program for this triad. It strengthens all three. This program uses a military higher education partnership, which strengthens both partners, in our economy and society as well.

With the increasing costs of attending college, reduction in real benefits of Federal student aid, the shift from loans as a principal means of financing higher education, the GI Bill will make it possible for hundreds of thousands of potential students to make college opportunity a reality. It is particularly important for minorities, especially Blacks, whose participation in higher education has been dropping dramatically. The GI Bill represents a way to reverse this decline and to make more of our disadvantaged citizens contributing members of society.

I thank the members of the committee and the staff for your outstanding work on behalf of the GI Bill. You have the support and gratitude of America's State colleges and universities.

Mr. STEINBERG. Thank you very much, Mr. Ostar.

Mr. Liston?

[The prepared statement of Mr. Ostar appears on p. 137.]

STATEMENT OF EDWARD J. LISTON, PRESIDENT, COMMUNITY COLLEGE OF RHODE ISLAND, ON BEHALF OF THE AMERICAN ASSOCIATION OF COMMUNITY AND JUNIOR COLLEGES, AND THE ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

Mr. LISTON. Yes, Mr. Steinberg. I am Edward Liston. I am President of the Community College of Rhode Island, and I am here to testify on behalf of the American Association of Community and Junior Colleges, as well as The Association of Community College Trustees, and also on behalf of the American Council on Education, and the State Directors of Community Colleges throughout this country.

The community colleges commend the committee for moving ahead so vigorously and decisively on the reauthorization of the New GI Bill. Chairman Montgomery of the House would be the first to tell you, we believe, that the community colleges were his principal supporters in the higher education community in the long struggle that produced this exceptional program.

And our members of community colleges have found no reason to regret that support. On the contrary, we are convinced that the New GI Bill is exceeding its expectations as a 3-year pilot and is now making a vital contribution to the national interest on at least three fronts: national security, post secondary educational access, and a more competitive American skill base.

The most important innovation in the New GI Bill in our view is the college incentives it offers for Reserve and National Guard members who take 6-year enlistments. Those of us who have supported this innovation from the beginning have often referred to it as an "up front" GI Bill. By allowing the Guard and Reserve enlistees to take college courses while serving their military obligation, the defense system is reaping a direct benefit of the enhanced skills. This is in contrast with the traditional GI Bills, of which I and my contemporaries are products, in which skill enhancement comes after the service. Regardless of the sophistication of our weapons system, our defenses can only be as strong as the skills that the personnel who staff those systems.

It seems axiomatic, in fact, that the more sophisticated armaments become, the more dependent our security is on these skills. This mixing of military service and college training strengthens both the national security and the economy in both the long and the short run.

The college benefits that Guard and Reserve members receive during their enlistments will surely strengthen their civilian careers. Many will apply the skills so gained in defense work or in extended enlistments or both.

A perhaps more subtle benefit of the New GI Bill is its potential for alleviating the competition among the military, industry, and higher education for the reduced flow of high school graduates—competition that imposes hardships for all three sectors; This competition, of course, will become keener in some States more than others, particularly the States in the Northeast, where we face—in a State like Rhode Island—a potential 40 percent drop in high school graduates over the next 8 years or so.

In the jargon of affirmative action, great numbers of the Guard and Reserve enlistees who use the New GI Bill benefits will become "two-fers" and "three-fers"; that is, they will be college students serving as part-time soldiers whose training then may lure them into part-time employment as well.

It is worth noting, Mr. Steinberg, that a recent analysis by Carol Frances, a consulting economist who is the former chief economist of the American Council on Education, shows that the biggest single step a working American takes up the pay ladder is the completion of a 2-year college degree. It shows that a worker with a 2-year college degree earns an average of 80 percent of what a bachelor degree holder earns.

Mr. STEINBERG. Dr. Liston, in fairness to the other witnesses and everyone who had to adhere to the 5-minute limit, I wonder if you might summarize the rest of your testimony. Your entire statement will appear in the record.

Mr. LISTON. Yes, I would gladly do that, Mr. Chairman. My own personal experience in a small State like Rhode Island, which is heavy in Guard and Reserve members, I serve as a member of the State committee on the National Guard and Reserves; and I work directly with the Adjutant General, General Kiley. We formed a contract at our community college with the National Guard.

Two years ago, we graduated our first citizen soldiers in May; and this year we will have five times as many graduates at our commencement. So, we are seeing the direct benefits of this New GI Bill, and we support it in every detail.

I would also like to ask that the article on the New GI Bill by Frank Mensel in the current issue of the AACJC Journal be included in the record. Thank you very much.

Mr. STEINBERG. We would be delighted to have that, and we are very interested in your prepared statement and what you recounted about your Rhode Island experience.

Mr. LISTON. Thank you.

Mr. STEINBERG. Thank you for providing that. Dr. Keiser?

[The prepared statement of Mr. Liston and the article by Frank Mensel appear on p. 144.]

STATEMENT OF DR. EDWARD C. KEISER, PAST PRESIDENT, NATIONAL ASSOCIATION OF VETERANS PROGRAM ADMINISTRATORS

Dr. KEISER. Thank you very much, Mr. Steinberg. I am Ed Keiser. I am Past President of the National Association of Veterans Program Administrators.

In the interest of brevity, I would like to have our report entered into the record, and I will highlight a few of those comments.

Mr. STEINBERG. Thank you.

Dr. KEISER. NAVPA strongly supported the passage and implementation of the New GI Bill, which we viewed as a prudent, wise, and cost-effective investment in our Nation's human resources. By the same token, NAVPA now strongly supports S. 12, which provides continuation of chapter 30 and chapter 106 of the New GI Bill benefits.

It must be noted that a large percentage of the high school graduates going into the service choose to participate in the New GI Bill program as a way to earn money for college. Many of these young people would qualify for Pell grants. Nonetheless, they are making a commitment to their country through military service, and at the same time earning funds that will subsequently enable them to attend college and gain additional training necessary to become more competitive in our technological society. The Senators and Congressional Representatives who established chapter 30 must be pleased by the fact that so many young men and women have chosen to participate in the program, demonstrating by this choice their initiative and responsibility for earning educational benefits to attend college.

As educators, we in NAVPA are confident that these young people are highly motivated and will be more mature and serious about their collegiate studies when they leave the military. It makes sense to provide educational incentives in order to retain qualified and trained reservists. The benefits of chapter 106 are twofold.

First, qualified, trained personnel stay with their units longer; and second, they enhance their knowledge and training by attending college.

Demographic studies indicate that the traditional pool of recruits from 17 to 20 years old will diminish. The recruitment of highly qualified individuals in this group will become more difficult, if not impossible, if the New GI Bill is terminated. It is reasonable to predict that without educational benefits, the notion of an All-Volunteer Military Force would not be feasible, and we would have to return to conscription.

This Nation spends billions of dollars every year on developing more and new sophisticated weaponry. It follows that there is an equally urgent need to recruit and retain highly qualified technical personnel to operate these weapons.

As indicated previously, the New GI Bill has already contributed significantly to meeting this need.

In addition, NAVPA supports the position that funding for the New GI Bill should be a Veterans' Administration budget item. Historically, the VA has been the agency providing readjustment benefits and services to veterans. While there is certainly room for improvement of VA functioning, most would agree that it has an excellent record of providing services to veterans.

Finally, there exists much concern about the need of this Nation to be more competitive in the world market. We believe that S. 12 will provide the incentive and a means to keep our military forces strong while providing the educational opportunity for veterans to be better educated and more competitive in our industrialized technological society.

Thank you.

Mr. Steinberg. Thank you very much, Dr. Keiser.

[The prepared statement of Dr. Keiser appears on p. 151.]

Mr. Steinberg. Before I pose a question, let me on behalf of Senator Matsunaga and Chairman Cranston, thank all of you who have been in attendance this morning and continue to be in attendance remaining with us for such a lengthy hearing.

It is gratifying to the committee to have your interest and your endurance, and we appreciate specifically the representatives from the uniformed services, the Department of Defense, and the numerous representatives, including several of the witnesses from the Veterans' Administration, the service organizations, and the active and reserve association representatives who have remained here; and we would also note the presence of the representative from the National Association of State Approving Agencies.

So, we do appreciate very much your interest and, to the extent that you have already expressed it, your support for S. 12 and the continuation of the New GI Bill.

We have just one question that we would address to Mr. Ostar, but perhaps the other panelists might wish to comment on it if they have any information as well.

On page 7 of your testimony, you refer to the fact that minority participation in higher education is declining. If you have any data on that decline that you would share with us now or that you would like to provide for the record, we would very much like to have that, including a comparison between the percentage of the adult population nationwide that is made up of minorities as compared to the percentages of minority participation in higher education and training.

Do you have any comment that you would like to make?

Mr. Ostar. We do have that data, and we have a study that our association did on that subject; and I will be glad to submit that to the committee.

[The information requested appears on p. 155.]

Mr. Steinberg. Do any of the other panelists have any comments they would like to share on that point?

Mr. Liston. Just that that is a concern of all of the segments of higher education over the past several years. The minority participation in higher education has been declining, and I think for a variety of factors. Studies are under way now to try and discover and correct whatever problems may exist.

Mr. Steinberg. Dr. Keiser?

Dr. Keiser. We would agree. I have no further comment, but we would agree.

Mr. Steinberg. One point that we would be interested in having you perhaps think about and perhaps submit a response for the record, and this would go for our other witnesses as well, would be whether, in view of that decline in participation in higher education by minorities, the way the $100 deduction in pay is presently constituted has had or is likely to have an effect on discouraging participation by minorities in the New GI Bill.

That is certainly something that we will be looking at, as Senator Matsunaga stated earlier. Our intention at this point is to move or try to move S. 12 forward to continue the program as a clean bill; but we are over the next several months and during the remainder of the 3-year period for the New GI Bill going to be looking at changes that could be made and certainly minority participation is one issue that we would be very much interested in. So, for the others of you that are still here and for this panel, if you would like to share some thoughts with us on that, it would be very helpful to the committee.

Senator Matsunaga, your timing is impeccable. The hearing has just concluded. [Laughter.]

Unless you had some questions?

Senator Matsunaga. No. I have other meetings to go to, and perhaps we can just adjourn. I do appreciate your taking your time to testify before this committee, and I regret that I was not able to listen to your testimony; but I have your written statements, and I will have a chance to go through the record to read answers to any questions which may have been asked. Thank you again.

Unless anyone has anything else to say, this meeting is adjourned.

[Whereupon, at 12:02 p.m., the hearing was adjourned.]

APPENDIX

100th CONGRESS
1st Session

S. 12

To amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for the other purposes.

IN THE SENATE OF THE UNITED STATES

January 6, 1985

Mr. Cranston (for himself, Mr. Murkowski, Mr. Matsunaga, Mr. DeConcini, Mr. Mitchell, Mr. Rockefeller, Mr. Graham, and Mr. Cohen) introduced the following bill; which was read twice and referred to the Committee, Veterans' Affairs

A BILL

To amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force; and for the other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "New GI Bill Continuation Act".

SEC. 2. CONTINUATION OF THE ALL-VOLUNTEER FORCE VETERANS' EDUCATIONAL ASSISTANCE PROGRAM.

(a) Section 1411(a)(1)(A) of title 38, United States Code, is amended by striking out "during the period beginning on July 1, 1985, and ending on June 30, 1988," and inserting in lieu thereof "after June 30, 1985,".

(b) Section 1412(a)(1)(A) of such title is amended the striking out "during the period beginning on July 1, 1985, and ending on June 30, 1988," and inserting in lieu thereof "after June 30, 1985,".

SEC. 3. CONTINUATION OF EDUCATIONAL ASSISTANCE FOR MEMBERS OF THE SELECTED RESERVE.

Section 2132(a)(1) of title 10, United States Code, is amended by striking out "during the period beginning on July 1, 1985, and ending on June 30, 1988," and inserting in lieu thereof "after June 30, 1985".

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Senate

By Mr. CRANSTON (for himself, Mr. MURKOWSKI, Mr. MATSUNAGA, Mr. DECONCINI, Mr. MITCHELL, Mr. ROCKEFELLER, Mr. GRAHAM, Mr. COHEN, and Mr. HOLLINGS):

S. 12. A bill to amend title 38, United States Code, to remove the expiration date for eligibility for the educational assistance programs for veterans of the All-Volunteer Force, and for other purposes; to the Committee on Veterans Affairs.

NEW GI BILL CONTINUATION ACT

Mr. CRANSTON. Mr. President, as the chairman of the Committee on Veterans' Affairs, I am today introducing S. 12, the proposed "New GI Bill Continuation Act." Joining with me as original cosponsors of this measure are the former chairman and now ranking minority member of the committee, the Senator from Alaska [Mr. MURKOWSKI], as well as my fellow committee members from Hawaii, Arizona, Maine, West Virginia, and Florida, Senators MATSUNAGA, DECONCINI, MITCHELL, ROCKEFELLER, and GRAHAM, and the Senator from Maine [Mr. COHEN]. This measure would provide for the continuation—beyond the current June 30, 1988, eligibility expiration date—of both the program of educational assistance for members of the All-Volunteer Force under chapter 30 of title 38, United States Code, popularly known as the "New GI Bill," and the program of educational assistance for members of the Selected Reserve under chapter 106 of title 10, United States Code.

Mr. President, these programs were enacted in title VII of the Department of Defense Authorization Act, 1985 (Public Law 98-525), derived from legislation authored by the chairman of the House Committee on Veterans' Affairs and also a senior member of the House Armed Services Committee, Mr. MONTGOMERY, in the House and from legislation that I, along with Senators ARMSTRONG, COHEN, and others sponsored in this body. Under current law, the programs are established as a 3-year test of the recruitment and retention value of the educational assistance they offer. Under the chapter 30 program, a servicemember entering on active duty for the first time during the 3-year period from July 1, 1985, through June 30, 1988, who does not, upon entering on active duty, decline to participate in the program is entitled to basic educational assistance benefits—generally, $300 a month for 36 months for a total of $10,800—in exchange for completion of a 3-year tour of active duty. Alternatively, an individual who completes a 2-year tour of active duty and 4 years' service in the Selected Reserve is entitled to 36 months of basic educational assistance benefits of $250 a month. These basic benefits are paid for and administered by the Veterans' Administration. In return, the servicemember incurs a nonrefundable, $100-per-month, reduction in pay during the first 12 months of the service period. In addition, the service branches may offer recruits various kickers and other enrichments in order to enhance recruitment in critical skill areas or to encourage longer enlistments. These supplemental benefits are administered by the Veterans' Administration but are paid for by the individual service branch.

Under the chapter 106 program, with respect to the Selected Reserves, all reservists who enlist, reenlist, or extend for a period of not less than 6 years during the test period can receive a noncontributory educational benefit of up to $5,040 for undergraduate college education. These benefits are administered by the Veterans' Administration but paid for by the Department of Defense.

According to Department of Defense data, as of September 30, 1986, there were 205,348 participants in the chapter 30 programs and 34,613 in the chapter 106.

Our bill would provide for the indefinite continuation of these programs by elimination of the June 30, 1988, termination date of the period during which an individual must, in order to earn new GI bill benefits, enter on active duty, become a member of the Armed Forces, enlist or reenlist in the Selected Reserves, or extend his or her Selected Reserve service.

Mr. President, the chapter 30, new GI bill, program replaced the much less attractive Post-Vietnam Era Veterans' Educational Assistance Program—known as "VEAP"—which initially was suspended during the test period by Public Law 98-525 but now has been terminated for new enrollments by section 309 of Public Law 99-576, the Veterans' Benefits Improvements and Health-Care Authorization Act of 1986. Similarly, the chapter 106 program replaced a much less attractive program of educational assistance for the Selected Reserves which offered fewer benefits to fewer individuals.

As a coauthor of legislation in the Senate that helped lead to the enactment of the new GI bill, I have long believed in the value of educational assistance benefits as an effective tool for recruitment and retention in the All-Volunteer Armed Forces. I continue to believe it is vital that we do everything necessary to make the All-Volunteer Force work and to avoid recourse to conscription to meet our uniformed services personnel needs. The last thing our Nation needs at this point—especially for its young people—is a return to the divisiveness that inevitably accompanies a military draft.

In addition, I consider veterans' educational assistance a highly beneficial investment in our human resources by contributing to the educational development of the young men and women who serve in our Nation's military. The enormous contributions that have been made by the three predecessor GI bills to our Nation through the education and training of our citizenry and the increased productivity, gross national product, and tax revenues produced thereby are well known. The original World War II bill, signed into law on June 22, 1944, is often said to have had more impact on the American way of life than any law since the Homestead Act. Almost 20 million veterans have trained under GI bill programs since World War II.

In a March 1986 report entitled "The New GI Bill: Potential Impact of Ending It Early," the General Accounting Office discussed the recruitment and retention aspects of the administration's proposal submitted in connection with its fiscal year 1987 budget to terminate the new GI bill prior to the end of the test period. In the report, the GAO noted that, since the benefits are greater under the new GI bill than under VEAP and the Government pays a much greater proportion of the benefits, certain budgetary savings will always be produced by proposing termination of the new GI bill. However, the GAO also stated:

> While the potential impact of the New GI Bill on recruiting cannot be conclusively determined, Army statistics show a marked recruiting improvement since the New GI Bill was started on July 1, 1985. In addition, data obtained from the Reserve and National Guard components of the Army and Air Force show other improvements in enlistment, reenlistment, and extension statistics since the start of the New GI Bill.

Mr. President, although it may be that the impact of the new GI Bill on Armed Forces recruitment and retention cannot at this time be conclusively determined, I believe that additional study and analysis will demonstrate clearly that the impact of the new GI bill is a positive one.

Certainly, some substantial data already exist in support of maintaining the new GI bill. For example, the new GI bill allows recruiters to penetrate the college-oriented market of young people. Not only does the use of educational benefits to recruit college-oriented young people benefit our Armed Forces, but it also benefits our country in terms of the development of a more highly educated labor force. As reported by the Department of Labor, in 1984 workers with college degrees had median earnings of $27,777. Workers who had completed only high school had median earnings of $18,350 and those with fewer than 4 years of high school earned only $14,776. There is no question that increased taxes paid over a lifetime of work on increased income repays many times the cost of the education borne by the taxpayer.

In addition, analyses conducted by the U.S. Army Recruiting Command show that educational assistance is the most cost-effective means of getting high-quality recruits—that is, recruits in mental categories I through III-A. According to a recent survey conducted by the Army, 35 percent of today's recruits cite the educational benefits as their principal reason for enlisting. Recruits in the upper-level mental category, the high-quality individuals our Armed Forces increasingly need, are attracted by educational benefits, not bonuses. Indeed, the Army survey found that the prospect of money for college is now the leading reason young men and women enlist, replacing a negative motivation: inability to get a civilian job. The effectiveness of the new GI bill in this regard is evidenced by the fact that Army high-quality contracts increased 10 percent during the first 12 months of the program's operation

For the Reserve components, the new GI bill has had an even greater recruiting impact with respect to quality. High-quality recruits in the Army Reserve components increased 24 percent for the first 12 months of the new GI bill. High-school graduate recruits in Army Reserve components increased 9 percent and 6-year enlistments increased 28 percent during the same period.

Mr. President, according to Lt. Gen. Robert M. Elton, Deputy Chief of Staff for Personnel for the Army, if the new GI bill were to be terminated or expire the result would be an annual reduction of 6,000 high-school graduates in the upper-mental category. This in turn would increase attrition by 1,400 losses at a cost in excess of $25 million. In addition, the termination of the new GI bill could contribute to a return to the difficulties experienced in recruitment and retention so prevalent in our Armed Forces during the late 1970's and early 1980's. For example, in fiscal year 1980, 57 percent of nonprior-service accessions were in the category IV mental category as compared with only 4 percent category IV's recruited during fiscal year 1986.

The new GI bill's value as a recruiting tool for our Armed Forces has recently been highlighted in an article entitled "GI Bill, Once a Reward, Is Now a Lure to Sign Up," which appeared in the December 5, 1986, New York Times.

Mr. President, I request unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

RESPONSE

Mr. CRANSTON. Mr. President, in summary, the new GI bill serves not only as an incentive to attract high quality young people into our Armed Forces and their reserve components but also as a prudent, wise, and cost-effective investment in our Nation's human resources and a time-proven effective transition mechanism for members of our Armed Forces who elect to return to civilian life. There is no reason to perpetuate any uncertainty about the future of this program. I believe it would be very difficult to design a better, more cost-effective program than the new GI bill. It clearly should be made a part of the permanent framework of benefits provided to those who serve the Nation in our Armed Forces and taken into consideration on a continuing basis by those responsible for planning how best to meet the recruitment and retention needs of those Forces.

Mr. President, before concluding my remarks, I want to take a moment to offer my congratulations to the administration for reversing its position on this issue. Last year, as I noted, the administration proposed in its fiscal year 1987 budget to terminate the new GI bill entirely. This year, in its fiscal year 1988 request, the administration has indicated that it will submit legislation to make the program a permanent recruitment and retention program for the Department of Defense. However, I note that we are not in complete agreement on this issue as the administration will propose that the Department of Defense be responsible for all funding of the program. I reject that approach and continue to believe that the VA should bear at the portion of the costs for basic benefits—that it does under current law—for what is, at least in part, a readjustment benefit.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD at this point prior to the New York Times article together with an article that appeared in the January 5, 1987, issue of the Veterans of Foreign Wars' Washington Action Reporter entitled "The New GI Bill."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Dec. 5, 1986]

G.I. BILL, ONCE A REWARD, IS NOW A LURE TO SIGN UP

(By Richard Halloran)

WASHINGTON, Dec. 4.—At the end of World War II, Congress voted the first G.I. Bill of educational benefits to help transition back to civilian life for those who had served. Later the bill was extended to those who served in Korea and Vietnam.

Since the end of the draft and the advent of all-volunteer services in 1973, however, the purpose of the G.I. Bill has fundamentally changed. It has become less a reward and more an incentive to attract young recruits to all the services.

Today, halfway through a three-year test of a new version of the G.I. Bill, the Army has found in a survey that the prospect of money for college is now the leading reason young men and women enlist, replacing a negative motivation: inability to get a civilian job. The next reason given is to learn a skill.

BIG RISE IN PARTICIPATION

Army officers also say that 85 percent of new recruits today sign up for the new bill—they must commit to it at the beginning of their service—as against 38 percent under the old Veterans Educational Assistance Program, which ran from 1977 to 1985.

Perhaps most important, the officers report, the new bill has been a key reason that more than 90 percent of those enlisting today are high school graduates, who drill sergeants say make better soldiers than nongraduates.

"From the Army's standpoint," said Maj. Gen. William G. O'Leaky, director of military personnel management, "the test has been eminently successful."

But there are costs. The Government's contribution to benefits under the new bill is higher than it was under the Educational Assistance Program, although less than it was under the still earlier G.I. Bill. For a three year stint in the Vietnam War, the Government paid the veteran $16,128 in benefits; under the 1977-85 program, that dropped to $5,400; the new G.I. Bill costs the Government $9,000.

The new bill costs little now because few young people have served long enough to begin drawing benefits. For this fiscal year, the outlay will be only $400,000. By 1992, according to Army projections, it will have jumped to $400 million a year.

LESS THAN CIVILIAN GRANTS

As against Government aid to education for civilians, however, that is a relatively small sum. The Department of Education's budget last year for Pell Grants cost the taxpayers $3.5 billion.

Another cost of the G.I. Bill over the long run is that it does not help, and many hinder, efforts to retain experienced soldiers. The prospect of a large sum of money to help pay for college gives bright young people an incentive to leave.

But Army officers argue that their service, unlike the Navy and Air Force, which need many technicians, wants large numbers of "grunts," or combat soldiers, for a relatively short period. Only a small portion need be retained as sergeants. In addition, the Army offers bonuses for young men and women who enlist for four years and learn a needed skill. They can earn another bonus by re-enlisting.

Until 1977, all educational benefits under the G.I. Bill were paid by the Government. After that, each soldier, sailor, air force member or marine elected to contribute from $25 to $100 a month while in the service. The Government matched that, $2 for each $1 contribution, for a maximum benefit of $8,100.

But that program did little to overcome a military pay scale that lagged behind the civilian sector. Barely half of the Army's recruits in the late 1970's were high school graduates and the service met quotas only by enlisting people who passed the armed forces entrance tests with the lowest acceptable scores.

Then Congress in 1979 authorized the Army, but not the other services, to offer extra payments, known in the military as "kickers," to attract high school graduates and those who could score well. The added benefits were $6,000 for a two-year tour of service and $12,000 for three years.

The kickers, along with substantial raises in the early 1980's, improved recruiting. But many in Congress were still dissatisfied. That led to the new G.I. Bill, which became effective in July 1985, with a test to run until June 1988.

BENEFITS PAID FOR 3 YEARS

Today, a young person entering the Army or any of the other services must choose the G.I. Bill the day he or she joins and agree to contribute $100 a month of the $573 base pay for the first 12 months of service. After two years, the soldier's benefit is $9,000; for three years, $10,800. In either case, the benefits are paid monthly for 36 months while the ex-soldier is in an accredited college.

On top of the G.I. Bill is the Army's College Fund, the kicker a recruit may earn for enlisting in the combat arms, such as infantry, armor or artillery, for which only men are eligible. But men and women both may earn kickers by agreeing to train for a specialty the Army needs, including tank mechanic, electronic warfare specialist and parachute rigger. A soldier who serves for four years can leave with $25,200 in benefits.

The Army also began in 1985 to offer benefits to men and women who completed two years of college. They may enlist for two years in a specialty the army needs, then return to college in the Reserve Officers Training Corps for two years with a benefit worth $21,000.

[From the VFW Washington Reporter, January 1987]

THE NEW G.I. BILL

(By Cooper T. Holt)

The Veterans of Foreign Wars should take great pride in the important role it has played in the development of the new GI Bill.

No doubt about it, the new GI Bill is, across the board, the best educational incentive the Department of Defense has to offer today.

Further, it is a low cost and highly patriotic means for this nation's young people, who could not otherwise afford it, to further their education and then fully achieve their potential both as mature individuals and as informed citizens.

All this is accomplished while providing the necessary high quality personnel to maintain our all volunteer armed forces.

Even so, a dark cloud in the form of certain Administration and OMB officials who view this highly beneficial program as overly generous has fallen over the new GI Bill. These shortsighted bureaucrats maintain the program is too expensive.

The VFW is incredulous at this assertion. The new GI Bill is dollar-for-dollar the most cost-effective means of recruitment now in existence. The Army has stated that the new GI Bill is saving it about $234 million a year in military personnel costs.

These savings come from attracting more intelligent and highly motivated people into the military. These bright, hardworking recruits pose fewer disciplinary problems and are more likely to complete their initial obligation.

This reduces wear and tear on equipment and brings down the overall training cost. Simply keeping high quality personnel in the military for the whole enlistment saves money because it cost $10,000 to recruit an individual. Additional money is saved by not having to duplicate the training for a new person.

The VFW would point to the fact that the size of this program in dollars in return for service to the nation pales in significance when compared to the massive Pell Educational Grant program of close to $4 billion annually.

Pell grants are provided with no expectation of service to the nation what. sever in contrast to the new GI Bill which directly benefits both the participant and the country.

Now the all volunteer armed forces are generally regarded as a success. But it is generally understood that the military will come under pressure in the next five years because of fewer potential recruits and less money.

The pool of those 17 to 20 years old is shrinking. But late 1991 there will be just over 13 million in this age group, down from 17.5 million in 1980. that means the services will have to draw a higher percentage from the available pool.

At the same time, budget pressures are eroding many of the bonuses and financial incentives the Pentagon relies on to attract a soldier. Even after accounting for the recently approved 3 percent pay increase, enlisted soldiers and sailors next year will be paid 9.6 percent less than the Defense Department, figures they could earn in the private sector. That's the biggest gap in 10 years.

Compounding these problems is the uncertainty about the continued existence of the GI Bill educational benefit program. According to the Army, 35 percent of today's recruits cite educational benefits as their principal reason for enlisting. Addditionally, according to a 1985 new recruit survey, 43 percent, of the high quality recruits—those most needed to maintain the high-tech armed forces—would not have joined except for the GI Bill and Army college fund.

Thus, the future not only of the new GI Bill but also the all volunteer armed forces might depend on whether the armed services can convince White House budget planners that the educational benefits program can pay for itself by improving recruit quality and reducing turnover in personnel. The Veterans of Foreign Wars, for its part, stands ready to do everything in its power to ensure the continuation of this invaluable readjustment benefit for those young men and women who have chosen to serve in the armed forces.

Along with providing a highly motivated and capable armed forces, drawn from a full cross section of the population, the new GI Bill's indirect benefit to the nation is also profoundly felt. For example, the country benefits from a more highly educated populace. As reported by the Department of Labor in 1984, workers with college degrees had median earnings of $27,800. Those who had completed high school had median earnings of about $18,400 and those with fewer than four years of high school earned only about $14,800. Increased taxes paid on increased income more than repays the cost of this educational benefit.

As I have already stated, recruitment problems will become more severe through the years because of the continuing decline in the 18-year-old population. It will be necessary to recruit one out of every two eligible noncollege males by the early 1990s.

Furthermore, the manpower ceilings now in place increase the importance of recruiting quality young people as the nation seeks to maintain its worldwide commitments. It is more important than ever to value quality over quantity in the recruiting process.

With this in mind, the VFW points to the fact that the Army has estimated that the loss of the new GI Bill would result in an annual reduction of 6,000 upper half high school graduates. This would in turn increase annual attrition by 1,400 at a cost of more than $25 million. The Army expects a 10% lower job performance from those who replace the lost high quality personnel.

Quite honestly I just cannot see how the armed forces or the nation can afford to let this invaluable, educational and recruiting program go by the boards for lack of funding.

Our nation is served best by an educational incentive which most improves our people resource. Participation rates indicate that the new GI Bill is the incentive our military personnel will use the most and will therefore provide the greatest improvement to society as a whole. To my mind the time is right to make the new GI Bill permanent. With the termination of VEAP, the lackluster former educational assistance incentive program, a permanent new GI Bill is imperative.

As it stands right now, the new GI Bill is scheduled to expire in July of 1988. This in itself is hurting military recruitment since it is causing uncertainty about the continued wellbeing of the program.

As a readjustment mechanism for veterans returning to civilian life, an incentive to attract high quality young people into military service and a prudent investment in our nation's human resource, it will be difficult to design a better program than the new GI Bill. The cost of this program, when compared with the direct and indirect benefit to the nation, is finally very small indeed. In fact, there are few things that this nation has undertaken which have been so very profitable in both the short and long term. The armed forces and the nation cannot afford to have the new GI Bill killed. It is time to include it as a line item in the President's budget.

STATEMENT
SENATOR GEORGE J. MITCHELL
COMMITTEE ON VETERANS' AFFAIRS
FEBRUARY 4, 1987

Mr. Chairman, I want to join with other members of the Committee in extending my congratulation to you, Alan, as the new Chairman of the Committee. It is truely a pleasure to have you back and it's a measure of your dedication to the service of America's veterans.

I also want to congratulate Senator Murkowski as the new ranking member of the Committee. Under his leadership the last two years the Committee continued its record of addressing veterans legislation in a largely bipartisan and always cordial manner.

I look forward to working with the Committee leadership in this, the 100th Congress, as we continue to excercise our responsibilities to oversee the programs and benefits that affect veterans, their dependents and survivors.

I'd also like to welcome Senator Graham to the Committee. Veterans in the state of Florida face extraordinary challenges as we enter the next century. They are well-served by having Senator Graham as a member of this committee.

Mr. Chairman, we're here today to examine legislation that will permanently extend the "New GI Bill," a program enacted as a three-year test in the FY 85 Defense Authorization Act to replace the Post-Vietnam Era Veterans' Educational Assistance Program (or VEAP).

The benefits are provided to members of the Armed Services (under chapter 30, Title 38 U.S.C.) and members of the Selected Reserves (under chapter 106, Title 10 U.S.C.). Benefits under the chapter 30 program are administered and paid for by the VA. The VA also administers the benefits under the chapter 106 program, but benefits are paid for by the Department of Defense.

I think the evidence shows the "New GI Bill" is a good and cost-effective recruitment tool. In 1985, Congress moved up the program's starting date when several service branches complained that too many individuals were delaying their entrance in order to qualify for the benefits. Last March, a General Accounting Office report said, "Army statistics show a marked recruiting improvement since the "New GI Bill" was started."

Dispite the evidence, the Administration's FY 87 budget proposed to terminate the "New GI Bill." The proposal was correctly rejected by Congress. In its FY 88 budget, the Administration says it will submit legislation to make the program permanent under the Department of Defense.

Senator Cranston has introduced legislation that would make the program permanent, but would retain the VA's administrative role. I ~~llok~~ look forward to reviewing the testimony this morning regarding the proper course Congress should take in making the this program permanent.

Mr. Chairman, my questioning this morning, ~~especially~~ of the VA witnesses, will center around the role of state approving agencies in administering benefits under the "New GI Bill" and other VA educational assistance programs.

As you know, it is the SAAs that insure that participating institutions actually offer the courses with properly accredited instructors and that program recipients actually register and complete the education for which benefits are provided.

I am quite concerned that the funding for SAAs which was reduced by the VA last year, again this year, and in the proposed FY 88 budget threaten the ability of SAAs' to perform their approving function.

I also have other concerns with the manner in which the VA appears to excludes the SAAs from its budget preparation and with the accounting practices it uses with the state agencies.

STATEMENT OF
R. J. VOGEL
CHIEF BENEFITS DIRECTOR
VETERANS ADMINISTRATION
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
FEBRUARY 4, 1987

Mr. Chairman and members of the Committee:

I am most pleased to be here today before you to share with you the views of the Veterans Administration on legislation pending before your Committee. The particular legislation is S. 12, the New GI Bill Continuation Act. This bill would remove the expiration date for programs of educational assistance provided under title 38, United States Code, chapter 30, and under title 10, United States Code, chapter 106. These are the programs that we refer to respectively as the New GI Bill-Active Duty and the New GI Bill-Reserves.

Before discussing our experience to date with the New GI Bill and offering some projections for its expected growth, I believe it is useful to provide a brief historical perspective of our educational assistance programs.

Mr. Chairman, our country has a proud tradition of assisting in the smooth transition of veterans from military to civilian life through educational and training assistance for over 42 years now. Since June 1944, over 18 million veterans and service personnel have received educational assistance under three GI Bills. These 18 million veterans and servicepersons include 7.8 million under the World War II GI Bill, almost 2.4 million under the Korean conflict GI Bill, and over 8 million trainees under the post-Korean Vietnam era GI Bill. All of these programs operated in conjunction with the draft and afforded a readjustment opportunity for many people whose lives were involuntarily disrupted. The programs undertaken have taken place in classrooms, businesses, on farms, at schools of higher learning and even at elementary schools. In terms of content, they range from remedial mathematics to advanced calculus and everything in between.

The costs of these three GI Bills totalled close to $60 billion. Out of this figure, $14.5 billion was spent on the World War II GI Bill; $4.5 billion was for the Korean conflict GI Bill; and some $40 billion for the post-Korean Vietnam era GI Bill.

Under the current post-Korean Vietnam era GI Bill, over eight million Vietnam era veterans and service personnel have received training. This number of trainees, as a percentage of the Vietnam era veterans population (10,150,000 including those with service between May 7, 1975 and January 1, 1977), gives a Vietnam era participation rate of 68.0 percent, compared with 50.5 percent for the World War II GI Bill and 43.4 percent for the Korean conflict GI Bill.

Participation in college level training is greater under the post-Korean Vietnam era program than under either the World War II or the Korean conflict program. College participation for World War II veterans was 14.4 percent; for Korean conflict veterans, it was 22 percent; and for post-Korean conflict veterans and service personnel, who served between 1955 and 1976, it was 22.7 percent through September 1986. Vietnam era veterans and service personnel who served between August 5, 1964 and January 1, 1977 have participated in college level training to a greater extent than any other group of veterans. They have a college participation rate of 43 percent.

The GI Bill programs have been widely acclaimed as the best investment America has ever made. During the four decades since the original GI Bill, we have worked with Congress in the oversight of our programs, and have assisted schools in obtaining course approvals and in meeting their enrollment reporting obligations. We have had to be flexible in our administration of educational benefits programs so as to adapt to changes in policy and practice within the educational community; changing veteran needs; and shifting governmental priorities. Through it all, we have learned much about how to efficiently administer veterans' education programs. Moreover, we are proud of our role in implementing laws which have promoted quality education for our Nation's veterans, providing them the opportunity to be the best that they can be.

The post-Korean Vietnam era GI Bill is, of course, scheduled to end on December 31, 1989. Each year, from now until 1990, it is predicted that fewer and fewer veterans will participate. Congress, in October of 1984, enacted Public Law 98-525, bringing into being the New GI Bill test program. This new law (as amended by Public Law 99-576) provided a program of education benefits not only for servicepersons and veterans, but also for reservists and repealed VEAP, the DOD-funded, VA-administered peacetime education benefits program which had been in effect since 1976. The effective date for the new programs was July 1, 1985.

The New GI Bill-Reserves was the program with the first significant number of trainees. Through the end of December 1986, 43,130 reservists have trained under the New GI Bill-Reserves. Current projections are that the number of trainees will peak in Fiscal Year 1989 to about 140,000. Over time, we expect that the larger program will be the New GI Bill-Active Duty. We expect close to 180,000 trainees in Fiscal Year 1992. The number of actual trainees is low now, but that is to be expected because few individuals have yet served long enough to become eligible. In Fiscal Year 1987, the number of these trainees will pick up because that is when those with two-year enlistments become eligible for training. We expect 800 of these trainees in Fiscal Year 1987.

I previously mentioned, in passing, Public Law 99-576, the Veterans' Benefits Improvement and Health-Care Authorization Act of 1986. This legislation, which was signed into law this past fall, made a number of significant changes to the New GI Bill-Active Duty. It added apprenticeship and on-job training, as well as correspondence training and work-study, just to mention a few. The VA has great experience in administering these programs and will be honored to continue to do so.

As you know, the Administration supports making the New GI Bill program permanent -- the purpose of S.12. The Administration also proposes to (a) continue funding the additional "kicker" benefits at their current levels, (b) continue VA administration of the program, (c) maintain the basic benefit level for six-year terms of enlistment, and (d) continue the reserve benefits at their current level pending completion of the Sixth Quadrennial Review of Military Compensation which is conducting an extensive review of Reserve compensation.

An additional two changes in the current operation of the program are proposed in the President's 1988 Budget: (1) To shift funding responsibility for the basic benefit from VA to DOD, and (2) to restructure the basic benefit to offer progressively lower benefits for shorter terms of service. These two modifications are proposed to ensure that the educational enlistment benefits of the New GI Bill will be productive for the armed services. Because these changes relate to the needs of the armed services, we defer to DOD for a detailed explanation of the rationale.

The Administration strongly urges the Committee to amend S.12 to include all of the changes to the New GI Bill which are proposed in the President's Budget.

Mr. Chairman, that concludes my testimony. I would be happy to respond to any questions you or the members of the Committee may have.

Testimony of

HONORABLE CHAPMAN B. COX
ASSISTANT SECRETARY OF DEFENSE
(FORCE MANAGEMENT AND PERSONNEL)

Before the
SENATE COMMITTEE on VETERANS' AFFAIRS

Regarding the
NEW GI BILL

4 February 1987
Room 418, Russell Senate Office Building

Good morning Mr. Chairman.

It is a privilege to appear before this committee which has done so much over the years for American Service men and women. The men and women of the Armed Forces are the backbone of our nation's defense structure. They are proud and patriotic citizens and I know they are grateful to this committee for ensuring their fair treatment as they return to civilian life.

Today, you have requested that I comment on the Administration's position with respect to the New GI Bill. This program, administered under your oversight, is a good example of the important role you play in providing for American military personnel in their transition back to civilian life.

For over 40 years, veterans have been eligible for Federal education assistance under a variety of programs. These assistance programs have been authorized for a number of reasons:

1 to provide Service members with a compensating benefit for adversities they endure such as low pay, harsh environments, physical danger and undesirable tasks;

2 to make service in the Armed Forces more attractive;

3 to provide training and readjustment to civilian life for those who have served in the Armed Forces; and

4 to provide an education for those citizens who might not otherwise be able to afford one.

These programs were of considerable value both to the nation and to its Service members. However, both military service and the rationale for educational benefits have changed markedly since the inception of the All-Volunteer Force in 1983. Today, our recruits make a voluntary decision to undertake military service, many of them motivated by the competitive levels of pay and improved quality of life in our Armed Forces. In this environment, we view the New GI Bill not as a readjustment benefit, but rather as one of many recruiting tools, all of which contribute to the maintenance of a high-quality volunteer force.

The Educational Assistance Test Program, which we conducted during 1981, confirmed that educational benefits, if sufficiently generous, can attract high quality people to the Armed Forces. A separate study, conducted by the Congressional Budget Office in March 1982, validated the results of the Education Assistance Test Program and also pointed out that enlistments of high school graduates with above average aptitude test scores increased with generous education benefits.

The study found, however, that educational benefits are much less cost effective than targeted incentives such as enlistment bonuses. Further, the study pointed out that negative retention effects may offset gains made in recruiting.

We believe the New GI Bill has the potential to be an effective recruiting incentive. For this reason, we support making this program permanent. To fit into the overall context of the DoD recruiting program, however, we believe that it should be more of a targeted program. For this reason, we are submitting a legislative proposal that will:

1 restructure the basic benefit to provide a benefit that varies with the term of enlistment;

2 continue targeted incentives (known as "kickers"); and

3 transfer funding of the basic benefit from the VA to DoD.

Placing both policy and fiscal responsibility for the New GI Bill with the Department of Defense will permit a concentrated approach to using of educational benefits which emphasizes their effectiveness as a recruiting incentive.

We will be able to build on the level of variable basic benefit with additional targeted incentives that recognize special recruiting needs of the individual Services. These "kickers" can be varied as necessary and tied to hard-to-fill skills, test scores or other criteria.

This concludes my prepared statement. Thank you again for the opportunity to appear. I will be pleased to respond to your questions.

STATEMENT OF THE PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

MR. DENNIS SHAW

BEFORE THE COMMITTEE ON VETERANS AFFAIRS

UNITED STATES SENATE

FIRST SESSION 100TH CONGRESS

FEBRUARY 4, 1987

Mr. Chairman and members of the committee:

I want to thank you for inviting me to appear and offer testimony on the New GI Bill for the Selected Reserve.

As you are aware, the GI Bill program for the Selected Reserve is a non-contributory, general entitlement program. Reserve officer and enlisted personnel become eligible for GI Bill benefits after initial active duty for training and after completing 180 days of service in the Selected Reserve. Eligibility for GI Bill benefits also requires that reserve component members enlist or agree to serve in the Selected Reserve for six years. Participants have up to 10 years in which to use the full entitlement, provided they remain members of the Selected Reserve. Benefits are paid at the rate of $140 per month for full-time study leading to a baccalaureate degree, with smaller prorated amounts for less than full-time study.

In the current recruiting environment, our readiness and manpower objectives for the reserve components present a challenge -- one that can be met only if we have the proper set of force management tools. The new GI Bill is but one of these tools. And, when combined with other targeted incentives and entitlements, the GI Bill will permit us to attract and retain the numbers and quality of people we must have.

In November 1985, we testified before the House Committee on Veterans' Affairs, Subcommittee on Education, Training and Employment, that we did not have a firm basis on which to evaluate the impact of the new GI Bill on recruiting and retention. Our data now indicates there has been some improvement in recruiting since July 1, 1985.

For example, since a reserve recruit must enlist for a 6 year term in order to qualify for benefits under the GI Bill, we can compare the length of terms of service for new accessions. During the first fifteen months of the New GI Bill, 59 percent of Selected Reserve recruits enlisted for at least 6 years. During the same time frame prior to the enactment of the New GI Bill, 57 percent of Selected Reserve recruits enlisted for at least 6 years. In other words, there was an increase of 8,321 six year enlistments during the first fifteen months immediately following enactment of the New GI Bill.

While educational benefits have been shown to have a positive role in recruiting, I also would point out that other actions taken by the Services during this same period contributed to this improvement. The effect of increased recruiting and advertising budgets, for example, cannot be discounted.

We have observed a sharp rise since the program began in the number of members reported by the Services as eligible for benefits. And, nearly one-third of these members today are attending college and using their entitlement.

SELECTED RESERVE GI BILL
SERVICE-REPORTED ENLISTED ELIGIBLES

Reserve Component	FY85	FY86	Total
DOD	13742	118150	131892
ARNG	6683	63231	69914
USAR	921	15463	16384
USNR	1139	10607	11746
USMCR	7	4676	4683
ANG	3397	15567	18964
USAFR	1595	8606	10201

SELECTED RESERVE GI BILL
ENLISTED ENROLLMENTS

Reserve Component	FY85	FY86*	Total
DOD	11783	29146	40929
ARNG	4301	13702	18003
USAR	3501	5164	8665
USNR	723	2720	3443
USMCR	115	1269	1384
ANG	1795	4771	8361
USAFR	1348	1520	2868

(* as of November 29, 1986)

We continue to monitor closely the administration of the GI Bill program. A close working relationship exists between the DOD and the Veterans Administration in refining the accuracy of our data systems to ensure only eligible members receive this important educational benefit. As of November 1986, more than 40,000 new applications for the GI Bill were processed by the Veterans Administration. Applications to the Veterans Administration have increased from a weekly average of 752 in October 1985 to a weekly average of 974 in October 1986. The largest number of enrollments so far, have occurred in the Army National Guard followed by the Army Reserve. Of the more than 40,000 new applications, more than 29,000 Selected Reserve members, or nearly 69 percent, have applied for full-time benefits -- a relationship that has remained constant since the program began in July 1985. It is interesting to note that most of the reservists applying for the New GI Bill do not have an entitlement under an earlier GI Bill program and are using veterans' educational benefits for the first time.

Cooperation from the Veterans Administration on the exchange of information and development of an accurate data base has been excellent and is important to us in establishing effective program management.

In terms of quality, we have examined high school graduate non-prior service (NPS) accessions during FY 1984 and FY 1986. During FY 1986, 5 percent more Selected Reserve recruits (or 34,500) were high school graduates than in FY 1984. This is a significant improvement in terms of the quality of NPS accessions.

We see great potential in the reserve components for continued participation in the new GI Bill. Nearly 73 percent of Guard and Reserve members recruited during FY 1986 possessed a high school diploma, General Education Development (GED) certificate, or above. More than 81,000 enlisted members have two years of college (8 percent of the total Selected Reserve enlisted strength). The chart below displays the component percentage of those members who have 2-years of college.

ENLISTED EDUCATION LEVEL BY RESERVE COMPONENT

(Those With 2 Years College*)

Reserve Component	2 Years College (%)	Enlisted Strength
DOD	81082 (8.3)	972197
ARNG	33232 (8.3)	402628
USAR	19780 (7.8)	253070
USNR	14516 (12.5)	116640
USMCR	816 (2.1)	38123
ANG	5964 (6.0)	99231
USAFR	6774 (10.8)	62505

(* Data from DOD 1147/1148 Report, FY 1986 Summary)

Our analysis shows reserve component enlistment and reenlistment incentive recipients tend to honor their contracts and serve longer with the component. While it is still too early to tell, we believe this behavior also will hold true for GI Bill recipients as well. Therefore, in order to track participation and further evaluate the effectiveness of the new GI Bill entitlement, we have asked the Sixth Quadrennial Review on Military Compensation (QRMC) to examine both the short and long-term effects. Their report is due later on this year.

In conclusion Mr. Chairman, no single incentive or entitlement is likely to meet all Selected Reserve manpower needs. The Department will continue to require a broad range of incentives -- those that can be targeted toward critical skill areas and shortages as well as general educational incentives such as the GI Bill.

Mr. Chairman, this completes my testimony. I thank you once again for the opportunity you have given me to appear before the Committee. I am prepared to answer any questions you may have.

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL
WASHINGTON, DC 20310-0300

REPLY TO
ATTENTION OF

January 22, 1987

The Honorable Frank H. Murkowski
United States Senate
Washington D.C. 20510

Dear Mr. Chairman:

Thank you for sponsoring the "New GI Bill Continuation Act" in the Senate. Continuing the GI Bill permanently will reap benefits for the veteran, the Armed Services and the Nation.

The supporting evidence which accompanied the act in the Congressional Record shows how successful the program has been. Senator Cranston's and your statements clearly show what an effective incentive as well as excellent readjustment program it is. In the Army's case, the GI Bill in conjunction with the Army College Fund is critical in recruiting quality young men and women.

I agree with you completely that the VA should continue to budget the cost of the basic benefit because the primary purpose of the GI Bill is readjustment. First and foremost, the GI Bill is a program for veterans.

I stand ready to help you with current information or to assist you in any way possible. Again, thank you for your efforts in continuing the tradition of excellence of the GI Bill.

ROBERT M. ELTON
Lieutenant General, General Staff
Deputy Chief of Staff
for Personnel

SECRETARY OF THE ARMY
WASHINGTON

22 October 1986

MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

SUBJECT: New GI Bill -- INFORMATION MEMORANDUM

I want to thank you for taking time to visit with us at the Army Commanders' Conference on Thursday. We were all extremely encouraged by your remarks, particularly those concerning the New GI Bill. As you may know, not all share our opinion that the New GI Bill is a winner for the soldier, the Army and the Nation. Let me share with you some of the reasons why we think this is true.

The New GI Bill is the most attractive option available to the soldier, primarily because of the improvement of benefits over VEAP. Over 80 percent of our new soldiers are presently participating in the New GI Bill which is double the rate that opted for VEAP. This benefit for the soldier manifests itself in greater benefits for the Army and the Nation, as shown below.

It is clear the New GI Bill is the best option for the Army. In recent years, the quality of Army recruits has improved in terms of education and AFQT scores. This is due, in part, to improved recruiting incentives. Today over 90 percent of Army recruits are high school graduates compared to 54 percent in 1980. The reduced attrition resulting from this increase in high school graduates saves the Army about 13,000 personnel annually -- almost an entire division. The New GI Bill is significantly improving upon our past increases. During the first 12 months of the New GI Bill, the average monthly percentage of high quality graduate contracts written increased 14 percent compared to the last 12 months of VEAP. Contracts for I-III recruits also increased 14 percent over the same period. Further, our most constrained market, high-quality, graduate males, has seen a 10 percent increase in contracts (6,000 soldiers) as a result of the New GI Bill. The Reserve Components receive similar benefit from the New GI Bill. In the first 12 months since enactment of the New GI Bill, the U.S. Army Reserve I-IIIA enlistments increased 24 percentage points, high school enlistments increased 7 percentage points and six year enlistments increased 19 percentage points as compared to the last 12 months of VEAP. The Army is in an extremely competitive recruiting market whose out-year demographics make the recruiting mission even more difficult. The best incentives are absolutely essential to attract America's quality young men and women. The New GI Bill has shown that it is the education incentive best able to attract quality recruits.

Our Nation provides billions in education incentives every year to improve our human capital. Department of Education Pell Grants alone totaled $3.8B last year. Our Nation is served best by an educational incentive which most improves our people resource. Participation rates indicate that the New GI Bill is the incentive which will be most used by our soldiers and will, therefore, provide the greatest improvement to society as a whole. Because of the individual's improved occupational advantage, the economic return to the local, state and federal governments in terms of tax revenues is estimated to be three to six dollars for every one dollar in GI Bill benefits paid. This is definitely the smart way to invest our dollars.

Without a doubt, the New GI Bill is, across the board, the best educational incentive the Department of Defense has to offer. The Army appreciates your continued support for this valuable program and, we look forward to working with you during the PBD process in an evaluation of the New GI Bill and other alternatives.

SIGNED

John O. Marsh, Jr.

THE NON COMMISSIONED OFFICERS ASSOCIATION OF THE UNITED STATES OF AMERICA

"STRENGTH IN UNITY"

STATEMENT OF

Richard W. Johnson
Director of Legislative Affairs

before the

Committee on Veterans Affairs
United States Senate

on

The New G.I. Bill

February 4, 1987

NATIONAL CAPITAL OFFICE
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The New G.I. Bill is a remarkably successful program in meeting its objectives. Already members of reserve components are using its benefits and, in less than two years, many other veterans will begin training under the program. Its benefits, although not overly generous, should assure the opportunity of a college education to thousands of young men and women who have served their nation. Indeed, the New G.I. Bill is a program of which its sponsors should be proud. Yet NCOA has several ideas which we believe will make the program better.

Foremost, NCOA believes Congress should act to eliminate the June 30, 1988 cut-off date for enrollment under the new program. Thus NCOA wholeheartedly supports the chairman's bill, S.12. Additionally, the association believes the treatment of career servicemembers should be modified to provide benefits under the program to some who are excluded by the circumstances of the test. NCOA believes the enrollment fee should be eliminated or modified to allow greater participation and believes servicemembers eligible for the Veterans Educational Assistance Program (VEAP) should be allowed to participate in the New G.I. Bill. Finally, the association objects to the transfer of G.I. Bill funding to the Defense Department. Frankly, NCOA does not believe the Defense Department would sustain the program. The first and last of these recommendations are the most immediate concerns.

Extending and Funding the Program

While there is no disputing the success the New G.I. Bill has had in achieving its secondary objective of assisting in military recruiting, NCOA believes its primary objective of assisting veterans in obtaining an education is the most important benefit of the program. Certainly the New G.I. Bill produces smarter soldiers. Recruiting in both quantity and quality has soared since the program was created. More than 90 percent of new recruits are high school graduates and more than

90 percent are in mental categories I to III, the most desirable and trainable recruit. Yet, more important than the quality the program brings to the armed forces is the quality of citizens it creates and the quality-of life it provides for veterans.

This nation's success is a product of previous G.I. Bills.

How many members of Congress would hold their seats today if not for their G.I. Bill education? If we took all the G.I. Bill trained engineers out of the space program, would the U.S. still be reaching for the moon? How much tax revenue would have been lost; how many colleges would have closed; how many veterans would be struggling to feed their families because they lacked the education or training opportunity offered by the G.I. Bill? The questions are impossible to answer. Indeed, we are fortunate that we will not know the answer. But if the New G.I. Bill is allowed to expire, the next and future generations may know the answer.

NCOA believes the veteran should be the first to benefit from the billions of dollars spent annually to support post-secondary education. From 1976 until 1985 Congress spent billions on a G.I. Bill without the G.I. Allowing this program to expire would return us to that sad state.

Transferring funding responsibility from the VA to the Defense Department might have an effect equal to the terminating of the program however. The current VA budget proposal suggests this change which NCOA adamantly opposes.

During the creative process leading to enactment of the New G.I. Bill, the Defense Department sought authority to use the program as a selective recruitment tool; offering its benefits only to those who would join the service for no other reason. Having failed, DoD sought to create in the program a trigger mechanism allowing service secretaries to turn the program on and off with swings in recruiting. Last year DoD and OMB sought to have the New G.I. Bill terminated before the test was barely six months old. And, only a few weeks ago it was announced that DoD was working on a plan to reduce benefits under the new program $100 per month after three years of service for those who enlist after July 1, 1988.

Clearly, DoD does not recognize the social value of the program, nor does it recognize the need of veterans. NCOA believes that the basic benefits of education should accrue equally to all who serve. Its value to veterans and the nation make it an infinitely desirable program. Accordingly, NCOA urges that funding of the basic benefits be continued as a readjustment program of the Veterans Administration.

Pay Forfeiture

NCOA continues to object to provision requiring a pay forfeiture of $1,200 among participants for one fundamental reason. It discriminates against soldiers, sailors, airmen, marines and coast guardsmen whose financial obligations do not allow them to participate. Recruits who join the service today make $608.40 per month during the first four months of service. The average first year earnings of most recruits is about $7,700. If they participate in the G.I. Bill, that drops to $6,500, a below minimum wage income for an individual who works a forty hour week. But any servicemember would be grateful for a workweek of only 40 hours. As a result many recruits who have mothers, wives or children to support cannot participate. No matter how great their desire they are out. They are locked in a cycle like so many other disadvantaged individuals, lacking the opportunity of even the G.I. Bill to escape. Accordingly, NCOA urges the committee to eliminate the participation fee for participation in the basic program.

At least, as an alternative, NCOA believes the committee should make the contributions refundable and should extend the period of time over which the contributions can be made. Some individuals might be comfortable making $400 monthly payments during their first three months of service while they are isolated in recruit training while others may be comfortable making payments of only $25 per month over the course of a four year enlistment. There is no profit in the current payment system and no discernable advantage to retaining it. Concurrently, NCOA does not understand the logic of not refunding the pay forfeitures of those who do not use the program.

Government need not profit from the G.I. Bill other than to produce better citizens through education and better servicemembers through enticement. Neither should the program become a veterans helping veterans program, supported by its participants as the Administration would like to do with the VA Home Loan Guaranty Program. Those who subsequently decide not to participate should be refunded their money. At least refunds should be given to those who cannot participate because of hardship or disability and to the survivors of those who die before using their benefits.

Eligibility

In addition to creating a necessary replacement for the Veterans Educational Assistance Program (VEAP) the New G.I. Bill was in part created to stem the hemorrhage of talented noncommissioned and petty officers who were leaving service to use benefits they earned under the Vietnam Era G.I. Bill. The new G.I. Bill provides benefits to those individuals who remain on active duty until June 30, 1988 to replace the loss of those benefits. Unfortunately, there is a group of servicemembers caught in a vacuum between the old and new G.I. Bills. Because of service regulations and federal law many servicemembers have been or will be required to leave service before becoming eligible for benefits under the new program but without sufficient time to use the benefits of the old program. Most servicemembers are forced to retire or accept discharge on the basis of a compression of their rank and years of service. For example, an E-6 who fails selection to E-7 may be discharged at 24 years of service. If that individual completes 24 years of service between July 1, 1985 and June 30, 1988, some education benefits will be lost. Accordingly, NCOA urges the committee to provide benefits under the new program (after 1989) to any individual who retires from service for longevity during the current test period.

Finally, NCOA urges the committee to reconsider the issue of later participation by individuals who do not enroll in the New G.I. Bill during their first enlistment and the eligibility of certain VEAP participants. The underlying principle behind the new G.I. Bill is an exchange of education benefits for honorable service in the armed forces. In part it is designed to encourage quality soldiers to reenlist. NCOA therefore believes it would be logical to allow those who have not previously participated in the program to reconsider upon reenlistment. The armed forces will benefit from the continued service of an experienced noncommissioned or petty officer. Additionally, the servicemember will have an opportunity to reconsider a decision more maturely. If pay forfeitures are retained as a part of the program they will likely be more manageable for the experienced servicemember and conversion of previous contributions could pay for the participation of VEAP eligibles.

Conclusion

The New G.I. Bill in the association's opinion is a tremendous asset to the nation as a veterans benefit. Its sponsors and supporters should be commended. However, NCOA believes the program should be modified as outlined in this statement to eliminate the fee which discriminates against the participation of many; to accommodate the career servicemember caught in the void between education programs; and, to make the benefits of higher education available to those who continue in service. NCOA also urges the committee to advance legislation making the program permanent and retaining its funding as a function of the Veterans Administration.

Statement of
Colonel C. Judson Lively, Jr., USA (Ret.)
Director for Retirement
Reserve Officers Association of the United States
Before the
Committee on Veterans Affairs
Unites States Senate
Concerning the New GI Bill Continuation Act
4 February 1987

Mr. Chairman and Members of the Committee:

The Reserve Officers Association (ROA) appreciates being provided this opportunity to express our support for S.12, which, if enacted into law, will continue the New GI Bill beyond its current June 1988 termination date.

As this Committee knows, three years ago ROA worked with many of you in support of a new GI Bill. We believed that the then existing VEAP educational program was not doing the job, and that a new GI Bill of the type that was under consideration, and which became law as a test program, would have a beneficial impact on recruiting, retention and on the quality of the force. We also believe that we have been proven right on all three counts.

All reports that ROA has received indicate that the New GI Bill has been a great success. In fact, when continued funding for this program was not included in the administration's budget request for FY87, ROA's Mid-Winter Conference adopted an emergency resolution last January urging the administration "to abandon any initiatives to terminate the New GI Bill and urging the Congress to continue, extend, and fund this effective educational assistance program." We were pleased to note that the Congress did take the necessary action to fund the GI Bill for FY87 and we strongly support the legislation under consideration today which will delete the termination date of 30 June 1988 for the current GI Bill and change its status from a test program to that of an ongoing military service based educational assistance program.

As the distinguished Chairman of this Committee mentioned in his floor statement when he introduced S.12, the GAO has reported that Army statistics show a marked recruiting improvement under the New GI Bill and data obtained from the Reserve and National Guard components of the Army and Air Force also show improvements in enlistment, reenlistment and retention statistics since the start of the New GI Bill.

The attractiveness of this program to the individual service member is clearly illustrated by the fact that in the active Army, during the period of July 1985 to September 1986, 74% of those eligible enrolled in the program. In the Army Reserve components, for the same time frame, over 21,000 applied for the New GI Bill benefit. These were reserve component members who had entered a 6 year obligation and had completed 6 months service as well as their military skill training.

Chartered by the Congress with a goal of furthering national security, ROA supports the New GI Bill as a recruiting benefit applicable to the total force. As a voice for Reserves, we would be remiss in not emphasizing the importance of the program for the reserve component. The New GI Bill provides educational assistance to members of the reserve component for the first time; without the Bill, Reserves would be without eligibility for assistance. Given the shrinking number of persons eligible for military service, competition from the private sector, and the high retention rate of the active component, the importance of this educational assistance cannot be overemphasized. At a time when budget cutting calls for more and more responsibilities to be shifted to the Reserve, the need for recruiting and retaining highly qualified men and women in the reserve component has never been greater.

The Reserve Officers Association believes the New GI Bill is good not only for the services and the individual service member, but is also good for our country. If we are to remain vital and competitive in today's world, an educated population is essential. This is recognized by the large amount of dollars that go for non-military service related educational loans and grants. For example, the Department of Education spent over $3.8 billion in Pell Grants just in FY85, and that is for a GI Bill without the "GI". ROA believes that if an individual wants to serve his country, either in the active or the reserve components, it is highly appropriate for that service to be recognized through an educational assistance program. Thus, we as an association applaud this committee for the consideration it is giving to deleting the termination date for the New GI Bill. ROA supports the goals and objectives of S.12, the New GI Bill Continuation Act.

Thank you for the opportunity to present ROA's views. Your support for the men and women who are wearing and have worn the uniform of our country, both active and Reserve, is deeply appreciated. We will be happy to address any questions that you may have.

ASSOCIATION OF THE UNITED STATES ARMY

2425 WILSON BOULEVARD ARLINGTON VIRGINIA 22201 3385 (703) 841 4300

Statement of

Major General Robert F. Cocklin, AUS Ret.

Executive Vice President

ASSOCIATION OF THE UNITED STATES ARMY

Before the

Senate Veterans' Affairs Committee

4 February 1987

A Statement to the

Senate Veterans' Affairs Committee

4 February 1987

I am MG Robert F. Cocklin, AUS retired, and Executive Vice President of the Association of the United States Army. This association very much appreciates the opportunity to express its views on the legislative proposal to make permanent the current educational assistance test program for members of the armed services.

This association took a leading role in helping to win support in the Congress when reenstatement of the GI Bill was a major issue on your legislative calendar back in 1981 - 1983. We urged its adoption then and we do now again. We do so because this program is a proven winner - - - everyone benefits. The government benefits, the Services benefit, the youth of the country benefit, and their hardworking, tax-paying parents benefit from this program.

Benefits to the government. We have all seen any number of studies which correlate personal income levels to education levels. Generally speaking higher levels of education mean higher income. For the government, higher incomes mean higher tax revenues to fund essential programs -- not exactly an unpopular result over here, as I understand it.

As to the question of cost to the government, the GI Bill is a winner here too. The latest estimate we have which is admittedly a year old now, is $500 to $700 million per year peak costs. If one compares this to costs in the Department of Education for loans and grants, currently estimated at about $8 billion, some idea of the government's bargain from the GI Bill begins to emerge. Add to this that, in most of the loan and grant programs, there is no other personal obligation on the part of the individual to the government. Two to 6 years of immediate duty in the Armed Services is the personal obligation under the GI Bill.

Finally, I think I should point out that the present GI Bill is not an outright grant. As you well know the service man or woman must contribute $100 per month for 12 months, and forfeit the entire $1200 if he/she later decides not to attend college. Incidentally, $100 per month from a current recruit's pay represents 16.9 percent of his monthly pay; not an insignificant amount.

To aid and encourage those who have made these contributions and who elect not to stay in the Active Army, to continue to strive for excellence through education, the Army recently entered into a partnership with the American Association of Collegiate Registrars and Admissions Officers. Through this partnership the Army aids each soldier in gaining acceptance to a college or university before leaving the service.

Benefits to the Army. It is not my intention to repeat all the statistics that I know LTG Bob Elton, the Army's personnel chief, has or will shortly provide you. However, I think it important to point out to you that we have seen a number of very recent Army studies that convince us the following are significant benefits to the Army directly attributable to the GI Bill.

- Education benefits expand the available youth market.

- Education benefits are a stronger enlistment incentive for high-quality, College-Oriented youth than higher pay. (Please let me interrupt myself here and add parenthetically that with higher quality accessions comes reduced attrition presently equating to 13,000 personnel annually in the Army.)

- Over 35 percent of the high-quality male, high school graduates rated education benefits as the single most important reason for enlisting.

- Over 40 percent of the high-quality recruits would not have joined without the GI Bill and the Army College Fund.

Benefits to Youth. A college education is the dream of a large segment of our youth population -- and their parents I might add. For many the cost is prohibitive, and for some they have not yet discovered a field of endeavor in which to focus their time, talent and effort. It seems to us that there is no more economical and socially constructive way for the government to apportion precious resources than to reward military service to the nation by providing the financial means for higher education of America's top quality young men and women. It is not a grant; it is not a give-away program; it is smart business.

At the beginning of my statement I mentioned that the GI Bill was also a benefit to parents of our college age youth. My guess is that practically everyone in this room over the age of 45 has had to face the cost of college bills to educate their children. For some of us the idea that son or daughter could earn money for college through a stint in one of the armed services was an answer. It even had the added attraction of perhaps teaching them self reliance and independence. Today's parents, I suggest, are not different; they recognize a bargain when they see it. The GI Bill is a bargain for all concerned.

The turn around in the quantity and quality of men and women in the ranks that we have seen over the past few years obviously may not be attributed solely to the new GI Bill, which only became effective in July of 1985. The Congress has seen fit to provide many remedies in a number of areas which have combined to give us a fit and ready force. This Association, however, is convinced that a major contributor to the improved personnel situation in all of the services, and especially in the Army, has been enactment of the new GI Bill. We further believe that it will, if made a permanent program, be a major contributor in precluding any return to a "Hollow Army." I urge you to approve expeditiously this legislation now before the committee.

STATEMENT ON
"THE NEW G.I. BILL CONTINUATION ACT"

S.12
CONTINUATION OF THE ALL-VOLUNTEER FORCE VETERANS EDUCATIONAL ASSISTANCE PROGRAM

BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
UNITED STATES SENATE
4 FEBRUARY 1987

BY
ROBERT W. NOLAN
NATIONAL EXECUTIVE SECRETARY
FLEET RESERVE ASSOCIATION

FLEET RESERVE ASSOCIATION
Serving Career Enlisted Personnel of the
U.S. NAVY • U.S. MARINE CORPS • U.S. COAST GUARD
1303 New Hampshire Avenue, N.W., Washington, D.C. 20036
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INTRODUCTION

Mr. Chairman and members of this distinguished Committee, I am Robert W. Nolan, National Executive Secretary of the Fleet Reserve Association. The FRA is a service organization comprised of almost 160,000 enlisted personnel, active duty and retired, of the U.S. Navy, Marine Corps and Coast Guard. As a retired Navy Chief Petty Officer, it is my privilege to not only appear in behalf of my Shipmates of the FRA, but to also represent all active duty personnel of the three Sea Services on this vital legislation. You can be most assured that they are keenly interested in the matter of the continuation of the Peacetime G.I. Bill.

PRESENTATION

Mr. Chairman, the Fleet Reserve Association has always advocated and fully supported a program which affords young Americans the opportunity of obtaining higher education through military service to their nation. The idea is clearly straightforward, practical, cost-effective and logical when viewed from every consideration. In today's world, when at first glance the hope of a college education, because of the cost, seems so illusive to our nation's young, the Peacetime G.I. Bill is the only possible way they can achieve their goal.

We are well aware of the history of past G.I. Bills. They were based upon the philosophy of rewarding those who served our nation in wartime. Nobody can question the absolute and complete success of the philosophy. But we must judge the Peacetime G.I.

Bill on an entirely different basis, the circumstances and needs are different in the cold reality of today's world of making the All-Volunteer Force concept practical and successful. The philosophy of the Peacetime G.I. Bill is for it to serve as an incentive to the qualified youth of our nation to serve in our Armed Forces.

THE PEACETIME G.I. BILL RECORD TO DATE

FRA acknowledges that the total impact of the New G.I. Bill cannot be conclusively determined at this time. But in viewing the New G.I. Bill's effect on military recruiting after 15 months of operation in comparison with the result of the Veterans Educational Assistance Program's (VEAP) record, it should be obvious to one and all that the New G.I. Bill is having unprecedented success in attracting top quality recruits.

Based upon statistics over the period from 1 July 1985 through 30 September 1986, the New G.I. Bill is one of the most effective recruiting tools since the implementation of the All-Volunteer Force. Over fifty-six percent of eligible recruits have chosen to participate in the New G.I. Bill. Comparing the participation rates of the New G.I. Bill with those of the VEAP reveals that participation by Service has improved dramatically:

	NEW G.I. BILL	**VEAP**
Navy	41%	19%
Marines	60%	8%
Army	74%	20%
Air Force	41%	1%

A close examination of the facts reveals that while only 37 percent of those eligible elected to participate in VEAP, of those, 48 percent elected to drop out of VEAP and reclaim their contributions!

At the Naval Training Center in Orlando, Florida, from October 1985 through mid-February 1986, 29 percent of all recruits participated in the New G.I. Bill program. From mid-February 1986 through October 1986, this participation rate rose to 40 percent. Navy manpower experts assure us this participation rate will increase dramatically as the news of the Navy's new Sea College Program, the Navy's bonus supplement to the New G.I. Bill, spreads. Last week the FRA participated in hosting the Navy's Recruiters of the Year Week here in Washington, D.C. We met and discussed recruiting with the top 20 officer and enlisted Navy recruiters of 1986. Each and every one of them unequivocally stated that the New G.I. Bill is their most attractive lure to young potential enlistees in the upper mental categories.

During fiscal year 1986, 54 percent of the eligible Marine recruits at the Marine Corps Recruit Depot at Parris Island, South Carolina, participated in the New G.I. Bill. That is a clear two-to-one improvement in the participation rate (23 percent) of the recruits who participated in VEAP.

The Navy's Sea College Program, which provides additional education benefits supplementing the New G.I. Bill benefits for those willing to serve two years on active duty and six additional years in the Naval Reserve, augurs well for the Naval Reserve's future personnel requirements. Naval Reserve officials state the Naval Reserve would be hurt significantly if the New G.I. Bill's termination date is not extended beyond 1988. The Naval Reserve has also enjoyed a substantial increase in reenlistments and extensions under the New G.I. Bill with corresponding increases in readiness and Unit stability.

THE COST-EFFECTIVENESS OF THE NEW G.I. BILL

In just 15 months of operation, the New G.I. Bill has proven that like the original G.I. Bill of the World War II era, it is a program that is "bread cast upon the waters." The cost of the New G.I. Bill is clearly a profitable investment in the future of America. How can one truly measure the financial returns America has reaped from the cost of the original G.I. Bill? It is sufficient to say the rewards are immeasurable because we are investing in the true basic strength of America, the individual citizen's future dreams.

Critics and opponents of extending the New G.I. Bill cite the fact that the reason most often given by the recruits not participating in the New G.I. Bill is that the personal contribution would cause them financial hardship. The individual recruits' contribution to the New G.I. Bill program ($100 a month) represents one-fifth of a recruit's basic pay. This is not a flaw in the New G.I. Bill, rather it may be an indication that basic pay rates are too low. At any rate, we do not feel that the monthly contribution rate is a deterrent to anyone who sincerely desires a college education.

In today's technological world of sophisticated weaponry, the Services must attract the brightest and best young Americans to serve. The New G.I. Bill is helping the Services to do just this. The improvement in the Army's recruiting statistics is proof positive of this. During fiscal year 1980, 57 percent of the Army's nonprior Service recruits were in Mental Category IV. During fiscal year 1986 under the New G.I. Bill program, that 57 percent dropped dramatically to a low of only 4 percent!

CONCLUSION

Mr. Chairman, we sincerely appreciate the hard choices the 100th U.S. Congress faces in deciding what programs to fund or not fund in today's real world of budget deficits. But the one thing we must fund is military readiness and the one absolutely indispensable weapon we must assure ourselves of having is people. The New G.I. Bill is the best recruitment and retention tool we have today. Without it our military readiness and stability would deteriorate dramatically while training costs, attrition and discipline problems would increase.

We appreciate the many resources which the Congress and the Administration have to evaluate the needs of military personnel. By the same token, we who lack these technical resources have one resource upon which to base our decision for the future. That resource is EXPERIENCE, we have been there. As the Fleet Reserve

Association's representative, I can truthfully state the enlisted military community wholeheartedly without reservations supports the continuation of the New G.I. Bill beyond 1988.

Therefore, we urge you to enact the provisions of S.12 immediately so as to send young America a message that the New G.I. Bill is here to stay and inform our military leaders that they can continue to count on the beneficial effects of the New G.I. Bill in their concerted efforts to defend the United States.

I might add that in conversation with the Honorable G. V. "Sonny" Montgomery, Chairman of the House Veterans Affairs Committee, he informed me that he is introducing identical legislation to S.12 as H.R. 1400 and presently his measure has over one hundred fifty House co-sponsors including every member of the House Veterans' Affairs Committee and the vast majority of the House Armed Services Committee membership.

We thank you for the opportunity to express our views today. It is because our representative form of government provides this opportunity to us that we have willingly devoted a major portion of our adult lives to the defense and perpetuation of that government. I stand ready to answer any questions to the best of my ability. On behalf of not only my FRA Shipmates but our enlisted Sea Service personnel everywhere, I thank you.

Statement of

Colonel Charles C. Partridge, USA (Ret)
Legislative Counsel

The National Association for Uniformed Services

Before the
Committee on Veterans' Affairs

U.S. Senate

February 4, 1987

S. 12, New GI Bill Continuation Act

Mr. Chairman, and members of the Committee, I welcome the opportunity to present the views of the National Association for Uniformed Services on the New GI Bill Continuation Act to this distinguished panel.

The National Association for Uniformed Services' (NAUS) membership represents all grades and ranks of career and non-career service personnel and their spouses and widows. Our membership includes active, retired, and reserve personnel of all seven uniformed services: Army, Navy, Air Force, Marines, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration. With such membership, we are able to draw information from a broad base for our legislative activities.

The need for a permanent GI Bill for military personnel is great and growing. The current GI Bill has already proven in the test period that it is a great success as a readjustment device and a recruiting incentive. It provides a basic benefit administered by the VA for all personnel in recognition of their service to their country and provides the military services with the option of further special financial supplements or kickers as necessary to obtain hard to recruit skills. It has done more than any other recruiting incentive to attract top quality young men and women into our Armed Forces.

The proposed measure provides for the continuation of the New GI Bill beyond the June 30, 1988, expiration date. The New GI Bill is contributory, requiring a decision by the entering recruit to contribute $100 per month for 12 months. It will return a basic benefit to the soldier of $9,000 after two years of service and $10,800 for three years active duty service. The basic benefit is funded by the Veterans Administration. Reduced benefits are provided for individuals enlisting or reenlisting in the Selected Reserve or National Guard.

In addition, through programs such as the Army College Fund, a recruit may earn kickers for enlisting in the hard to recruit skills the services need. Beginning in 1985, an ROTC option was also offered in conjunction with the GI Bill.

The so called kickers are aimed at recruiting rather than readjustment, and are appropriately funded by the Department of Defense based on military personnel requirements.

As ambitious, public spirited, dedicated young men and women leave military service after two or more years, they face an increasingly competitive workplace and from their perspective, in many instances they are behind their contemporaries in civilian related skills.

The nation can repay the veteran for this dedicated service and delayed entry into the civilian job market by providing the GI Bill as a reward for his service and to prepare him educationally for the future. This could include service at a higher level in the military through ROTC or through advancement to senior non-commissioned officer status.

The cost effectiveness of the GI Bill as a readjustment benefit has been amply demonstrated over the years in terms of additional taxes as a result of increased earnings by veterans who otherwise would not have attended college. With our nation seeking to increase its competitiveness vis-a-vis other nations, the GI Bill has become an even more significant part of our national effort to become more productive and therefore improve our competitiveness in world markets.

In addition, there are more immediate and more readily apparent benefits which accrue to the military services. The GI Bill attracts a high percentage of college-oriented youths in the high-quality mental categories I-IIIa. These high quality recruits are:

- more likely to complete their enlistments, thus reducing the number of recruits needed.

- Are more easily trained, thus reducing training time and providing a spark of leadership in the enlisted ranks. This provides commanders with the opportunity to reenlist these high-quality personnel who would not have been available for reenlistment otherwise.
- Less likely to go AWOL or to desert. This population has lower crime rates and a lower incidence of drug abuse, resulting in savings in management time, reduced personnel turbulence, and savings in training time.

Studies by the Department of the Army show that the increased number of high school graduates recruited as a result of the GI Bill produced savings of about 13,000 personnel, and cost savings of approximately $200,000,000 annually as a result of lower attrition rates. Further, high quality soldiers perform about ten percent better than other soldiers and provide an example for all soldiers.

As the military services face a rapidly dwindling pool of 18 to 23 year olds, the GI Bill becomes even more important as an incentive to serve.

In recent studies, education benefits were found to be a stronger incentive for high-quality, college-oriented youths than higher pay. Thirty-seven percent of high-quality male, high school diploma graduates rated educational benefits as the single most important reason for enlisting. Forty-three percent of high-quality recruits would not have joined without the GI Bill.

Participation rates by new recruits in the New GI Bill have increased to 85 percent in the Army, 65 percent in the Marine Corps and 50 percent in the Navy and Air Force.

The Army Recruiting Command reports that education benefits increase the pool of potential applicants by 500,000 high-quality young people.

Some analysts say that the GI Bill encourages soldiers to leave the service after their initial period of service. This is contrary to the military services' experience. The GI Bill encourages a higher quality recruit to enter. Significant numbers of them stay for full careers, thus providing a high-quality, professional soldier and leader which the military would not otherwise have attracted. Of those who do not remain on active duty, many will go on to college and enroll in ROTC, while others will join National Guard or Reserve units. With the reserve components playing an increasing role in mobilization and readiness, the GI Bill is an important part of their recruiting effort.

For all of the above reasons NAUS urges you to make the GI Bill a permanent program; continue the basic benefit as a readjustment benefit funded and operated by the VA, and allow the militory services to enrich the program for recruiting purposes.

The nation, its armed forces and the veteran will all be the beneficiaries.

STATEMENT

BY

RUDY I. CLARK

DIRECTOR

MILITARY AND GOVERNMENT RELATIONS

AIR FORCE SERGEANTS ASSOCIATION

BEFORE

THE

COMMITTEE

ON

VETERANS' AFFAIRS

UNITED STATES SENATE

ON

S. 12

NEW G.I. BILL CONTINUATION ACT

FEBRUARY 4, 1987

Air Force Sergeants Association

INTERNATIONAL HEADQUARTERS, POST OFFICE BOX 31050, TEMPLE HILLS, MD 20748

Mr. Chairman, and distinguished members of the panel, thank you for the opportunity to present the views of the Air Force Sergeants Association with respect to S. 12, the proposed New G.I. Bill Continuation Act.

Sir, there is solid proof that the New G.I. Bill is a potent recruiting tool, however; the present success in recruiting quality young men and women could be jeopardized by changing conditions in the future -- conditions for which we must be prepared or suffer the consequences. With a diminishing manpower pool throughout the decade of the 1980s and into the 1990s, the risk in trying to cut corners in compensation for military personnel cannot be ignored.

The New G.I. Bill is a proven winner. Unlike the VEAP program which produced a dismal 6 percent average participation rate for Air Force recruits during its six and one-half year tenure, the New G.I. bill has attracted a solid 42 percent participation rate.

Based on my conversation with enlisted men and women at numerous Air Force bases, we feel there is an opportunity to double the 42 percent sign-up rate by making a few minor modifications to the existing program.

First, we would ask this committee to consider reducing the airman's monthly contribution from $100 to $60 and spread the payments out over a 20-month period. When you consider that $100 a month represents almost 20 percent of an airman's pay, after taxes, that presents a difficult decision for a new recruit to make upon entering military service.

The second modification needed to attract more participants is to allow the services to refund contributions to the member if he or she decides not to utilize the New G.I. Bill after separation from the service. Also, if the servicemember should die, the monies he or she contributed should be refunded to the beneficiary.

Sir, we urge this committee to consider these recommendations to improve our participation rate.

Mr. Chairman, one of your distinguished colleagues, the Honorable Bill Armstrong from Colorado, summed up the value of the New G.I. Bill when he made the following comment:

> "The G.I. Bill should not be viewed solely as a recruitment measure. The G.I. Bill is an investment in America's future, one from which everyone benefits -- the beneficiaries who obtain a college education, the colleges and universities they attend, our society as a whole."

This concludes my statement and, again, thank you for this opportunity to appear before the Senate Committee on Veterans Affairs. I am prepared to respond to any questions you or your distinguished colleagues may wish to pose.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

STATEMENT OF

DENNIS M. CULLINAN, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO

NEW GI BILL CONTINUATION ACT

WASHINGTON, D.C. FEBRUARY 4, 1987

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for this opportunity to present the views of the Veterans of Foreign Wars of the United States with respect to S. 12, the proposed "New GI Bill Continuation Act," which would amend Title 38 USC to remove the expiration date for eligibility for the educational assistance programs for veterans of the all volunteer force. This bill, sponsored by the Chairman of this committee, Senator Cranston, and the Ranking Minority member, Senator Murkowski, along with Senators Matsunaga, DeConcini, Mitchell, Rockefeller, Graham, Cohen and Hollings, enjoys the full support of the Veterans of Foreign Wars inasmuch as it would make permanent a program which is both a potent recruiting tool for the Armed Forces and is also an invaluable readjustment benefit, facilitating the transition of those members of the Armed Forces who elect to return to civilian life.

As you know, the VFW has long stood for a strong national defense. We firmly believe that the very foundation of our ability to protect and defend our country lies in a strong and capable troop force which is ready, willing and able to respond to the civil and martial exigencies of this modern age. We believe that our Armed Forces are now in a position to do just this, and the New GI Bill is playing an essential role in achieving and maintaining this crucial capability. Data collected on the program leave no doubt that the New GI Bill is directly responsible for dramatic gains in military recruitment and retention, allowing our nation to maintain and improve strength levels for both active duty and reserve forces while avoiding a return to the draft.

We of the VFW are convinced that the New GI Bill is dollar for dollar the most cost-effective means of recruitment now in existence. The Army has stated that the New GI Bill is saving it about $234 million a year in military personnel cost. These savings come from attracting more intelligent and highly motivated people into the military. And these are exactly the people needed to serve in our modern, high-tech Armed Forces.

We point to the fact the size of this program in dollars in return for service to the nation pales in significance when compared to the massive Pell Educational Grant program of close to four billion dollars annually. Pell Grants are provided with no expectation of service to the nation whatsoever in contrast to the New GI Bill which directly benefits both the participant and the country.

There can be no doubt about it, the New GI Bill is, across the board, the best educational incentive the Department of Defense has to offer today. Furthermore, this educational benefit program is paying for itself by improving recruiting quality and reducing turnover in personnel.

Along with providing a highly motivated and capable Armed Forces, drawn from a full cross section of the population, the New GI Bill's indirect benefit to the nation is also profoundly felt. Increased taxes paid on increased income more then repays the cost of this educational benefit.

The New GI Bill is a low cost and highly patriotic means for this nation's young people, who could not otherwise afford it, to further their education and then fully achieve their potential both as mature individuals and as informed citizens. Which brings us to address one of the more important aspects of the New GI Bill, namely, the highly beneficial impact this educational program has on those young men and women who choose to return to civilian life after having served in the Armed Forces. The VFW is highly concerned with the career and personal needs of those in the service of their country, both while in the Armed Forces and after they have returned to the private sector. The VFW has long understood that the education and training received while in the military service often is not sufficient to adequately meet career goals once out of the service. In this regard, the New GI Bill is designed to provide the financial resources so very necessary to achieve the professional or vocational skills necessary for success in our modern society.

Military service itself, undoubtedly, has a highly beneficial effect on those young men and women who choose to serve their nation. The military's special emphasis on discipline, working for the good of the group and personal initiative, the insistence that the individual make decisions provides an environment which fosters strong personal growth. This environment invests a young person with an unusually high degree of maturity and self-confidence. Nonetheless, the transition from the rigor and discipline of military life to the more capricious and indefinite contingencies of civilian society is often not easy. This is where the New GI Bill Educational Program may serve as an invaluable readjustment aid.

The New GI Bill provides not only the means of achieving the professional or vocational skills necessary for financial success, but also affords those reentering civilian life the opportunity to enter an educational or academic milieu, a place of calm and contemplation, wherein their values and views may be considered in a relaxed yet intellectually disciplined fashion. They are given the chance to carefully compose the intellectual and moral principles which will guide them through the remainder of their lives. Out of such carefully constructed principles are born the finest citizens this nation has to offer.

Thus, as a transitional mechanism, the New GI Bill provides the means whereby our young men and women who have opted to serve in the Armed Forces may achieve both financial well being and moral and intellectual maturity. In this regard, there is one other such consideration we will address here today. It pertains not to the breadth of a life time but, rather, only a moment.

A young man or woman may very wisely choose to enter the military and then, just as wisely, choose to leave it. Even so, leaving the certainties of military service for the uncertainties of civilian life is, for many, an intimidating step to take. This is especially true for anyone who comes from the lower economic sector of society and who, therefore, cannot be expected to have an especially clear or happy view of what the world outside of the military holds for them.

Once again, the New GI Bill can be tremendously beneficial for such young men and women. Due to the aid provided by the New GI Bill, these individuals know they have the means of at least achieving a near term goal, namely, educational or vocational betterment which may lead to social and financial well-being in the future. In other words, they do not have to feel that leaving the military will result in there being left out in the cold. They are immediately afforded the opportunity to achieve something highly worthwhile in the present which will also benefit them in the future. Because of the New GI Bill, these young men and women know they have a chance.

Our nation is served best by an educational incentive which most improves our people resource. Participation rates now indicate that the New GI Bill is the incentive our military personnel will use the most and will therefore provide the greatest improvement to society as a whole. As a readjustment mechanism for veterans returning to civilian life, an incentive to attract high quality young people into the military and a prudent investment in our nation's human resource, it would be difficult to design a better program than the New GI Bill. Therefore the Veterans of Foreign Wars strongly supports S. 12 which would make this invaluable readjustment program permanent.

Mr Chairman, this concludes my testimony, thank you and I will be happy to respond to any questions you may have.

STATEMENT OF THE AMERICAN VETERANS COMMITTEE BEFORE THE SENATE VETERANS AFFAIRS COMMITTEE ON LEGISLATION TO CONTINUE THE PRESENT GI BILL

February 4, 1987

Mr. Chairman and Members of the Committee:

The American Veterans Committee welcomes the opportunity to testify before you today on behalf of the proposed legislation, S. 12, which would provide for the continuation of the current GI Bill and the program of educational assistance for members of the Selected Reserve.

My name is Ralph Spencer. As the Vice Chairman of the American Veterans Committee, I am very pleased to present the views of the AVC to this Committee on behalf of this important legislation. During World War II, I served in the Army Air Force overseas and was . Captain in the Reserves after World War II.

AVC has always supported educational benefits as a positive means of assisting veterans' return to civilian life. Many of AVC's members, including myself, have utilized past GI bills and have achieved their professional status as a result of this historic veteran's benefit.

AVC's platform spells out our clearcut support for a permanent GI Bill:

> AVC believes that experience has shown that the federal funds used to pay educational benefits for veterans have been repaid to the Treasury many times over in the form of higher income taxes collected from those whose education, financed by the GI Bill, has resulted in higher earnings.

AVC supported the original World War II GI Bill and those that came afterward. In 1972 AVC held a landmark national conference on the "Educational Problems of Vietnam Veterans" at which new directions for upgrading that GI Bill for Vietnam veterans were discussed and formulated. AVC has always preferred the World War II model of the GI Bill -- providing veteran-students separate tuition and living allowances, which gave veteran-students a greater choice among colleges and universities. But that form was dropped in favor of the present single subsidy.

The first GI Bill changed the face of this nation and its educational profile. It also gave the economy a great boost with the higher earnings and subsequent higher taxes of those millions of veterans who might not have gone on to higher education and higher paying jobs without the monetary support of the GI Bill.

General Omar Bradley reminded the nation of this fact on the occasion of the 25th anniversary celebration of the GI Bill:

> The World War II GI Bill was an investment in human beings. It has paid unparalleled dividends just as the current GI Bill is already doing for the young veterans of today . . .
>
> In the GI Bill, Congress offered the veterans a valuable stake in themselves. They took heart in the knowledge that the nation stood ready to back their civilian chances in making good. Veterans wanted only the fair chance to become self-supporting, self-sufficient, self-respecting American citizens . . .
>
> The GI Bill . . . provided a uniquely new and different investment in the proven capabilities of our young men and women. It gave them the freedom to find their own security as confidently as they had once sought security for the nation . . .
>
> The GI Bills give our democratic way of life great strength and vitality. Today, as was true twenty-five years ago, it is on America's fighting men that this nation must depend. Their service honors us all, and today, on this Silver Anniversary of the GI Bill, I salute them all.

As General Bradley has so eloquently stated, the first GI Bill was an investment in human beings. The benefits to the nation from it and its successors have been enormous: tangible in terms of tax dollars to the U.S. Treasury; intangible in the quality of life enhanced by higher educational attainments and subsequent professional advancement for millions of Americans who passed on these advantages to their children. Instead of being the privilege of the very few, higher education has become the goal of the many, as the children and the grandchildren of the veterans who used the first GI Bill have raised their aspirations.

AVC was formed at the end of World War II "to help achieve a more peaceful world." Four decades later, that task is still before us. Acknowledging that the world we live in is "not the best of all possible worlds," AVC recognizes that our national defense is a key ingredient to achieving that objective. Our platform states:

> The world we live in, with its emphasis on speed of operation and technical superiority, demands standing Armed Forces of sufficient size, training, equipment, and organization to be effective immediately for defense and counter attack. It is apparent that the Regular Armed Forces must remain our first line of defense. They must be of sufficient size and mobility for deployment anywhere on the globe within a minimum of time so that we may continue to provide, when necessary, those forces needed for collective security under our international obligation in peripheral conflicts occurring in the strategic localities of the world.

We are very concerned today about the ability of the armed forces to recruit the individuals who can make the Armed Forces the best we can develop. The highly sophisticated weaponry and complicated technology that characterize our present military force place many more intellectual demands upon military personnel than the simpler weapon systems of the past. Evaluation of the current GI Bill reveals that it has been able to attract more high school graduates than the previous VEAP program. There is strong reason to believe that continuation of the present program will continue to attract the high school graduates who aspire to higher education. Studies in the 70's found that discipline rates and attrition rates for high school graduates were lower and that high school graduates generally outperform non-high school graduates, even in the less skilled mos's. It is important for the armed forces to be able to recruit the kind of personnel that will make the AVF the best we can have.

The current GI Bill should be continued so that it will be an incentive for enlistment for more educated and aspiring youth. With the cost of college education skyrocketing, middle class families are becoming less and less able to provide their children with post-secondary education. The GI Bill becomes an important avenue to higher education. Having more middle class youth broadens the socio-economic profile of those who serve in the military.

It is our contention that a more representative military force is desirable both practically and philosophically. Speaking for myself and the many members of my organization, the experience of serving with individuals from a great variety of backgrounds and different geographical locations is itself a unique and important educational experience.

We suggest that there are important questions that still need to be addressed by the American public. While the GI Bill hopefully will attract a more representative mix, is that enough? Does the burden of military service still fall only upon part of the population? Does the AVF fail to draw upon the more privileged and wealthy? What are the implications for a society that fails to include all segments of the population in the sharing of the defense of the nation? Is it more desirable to have a sampling of all economic and social classes participating in meeting military manpower needs? Would the nation be better off with a form of national service? Do not these questions call for a national debate as future manpower policies are reviewed?

On philosophical grounds as well as for practical reasons, AVC supports the indefinite continuation of the present GI Bill. We specifically urge that the responsibility for administering the GI Bill be kept by the Veterans Administration, and not transferred to the Department of Defense. In this way, the GI Bill will continue to be seen as a basic readjustment benefit to assist in the transition to civilian life of those who serve in the military.

AVC supports S. 12. The GI Bill should provide permanent educational benefits from a grateful nation. It is about time that public policy be established that a GI Bill is in the national interest and should not need to be reenacted by every Congress.

Mr. Chairman, the AVC thanks you for the opportunity to testify on behalf of this important legislation.

Statement of

The American Legion

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

JOSEPH E. MILLER, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

JAMES HUBBARD, DEPUTY DIRECTOR
NATIONAL SECURITY COMMISSION
THE AMERICAN LEGION

before the

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

on

S. 12, THE NEW GI BILL CONTINUATION ACT

February 4, 1987

Mr. Chairman and distinguished members of the Senate Committee on Veterans Affairs, The American Legion is pleased to appear before you today in support of S. 12, the proposed "New GI Bill Continuation Act." This bill, which would remove the expiration date for educational assistance eligibility for members of the All-Volunteer Force and Selected Reserve is, in our view, essential if the armed services are to continue to meet their recruitment goals during the remainder of this century.

In this regard, we would like to briefly illuminate the differences that we feel exist between the new GI Bill and its predecessor. Prior to the enactment of the new GI Bill educational assistance programs, administered under title 38, were designed to provide readjustment assistance to veterans whose educational careers were interrupted by involuntary service or the threat of such service. Indeed, the readjustment benefit accrued to most veterans regardless of whether their service was through conscription or enlistment. Honorable service for a specific period during the term of eligibility was the only requirement set by Congress to receive educational assistance under the old program.

While the new GI Bill is similar in that it provides an educational benefit and therefore some readjustment value after the service member has been released from active duty, it is clearly a program to improve the ability of the military services to attract and retain high-quality recruits. But the differences do not stop here. This program, unlike its predecessor, is a contributory system in which the service member is financially investing in his or her own future. Of equal importance, is that unlike the universal availability of its predecessor, the new GI Bill requires that the recruit make a decision about future educational plans at the time of enlistment. Because of this, the new GI Bill is proactive, requiring a positive action from the recruit at the time of enlistment instead of at the termination of active service. In addition, the new GI Bill provides for kickers or additional monthly benefits for recruits entering certain military career categories, benefits unavailable under the old system.

The All Volunteer Force has established a very different set of circumstances relating to enlistment than were present when conscription was in force. Conscription and or the fear of conscription was a negative motivator to serve in the armed forces. The All Volunteer Force has eliminated this negative inducement to service. Yet, the loss of this negative inducement means that it is essential that an incentive be available to encourage military service. An incentive that can insure that the military retains access to a broad cross-section of American youth. In our opinion the new GI Bill provides the best means of maintaining this access and through it the concept of the "citizen soldier."

In order to meet the increasing manpower demands of the armed forces during the remainder of this century most experts agree that it will be necessary for the military services to attract upwards of one half of those eligible to serve. Assuming the converging factors of an ever-dwindling manpower supply in and expanding civilian job market and the continuation of the concept of an All Volunteer Force, we are convinced that the new GI Bill is crucial to meeting the manpower needs of the armed services.

Mr. Chairman, the All Volunteer Force is now fourteen years old. During this time the military services have experienced continued difficulty in meeting their recruitment quotas. Earlier attempts to provide contributory educational assistance had such low participation rates that they served little practical use in attracting high-quality individuals to military service. All the armed services agree that the new GI Bill, with its 38 percent participation rate, has clearly reversed the recruiting difficulties experienced by them over the last fourteen years. For these reasons The American Legion feels that removing the expiration date for eligibility for educational assistance under the new GI Bill is an essential first step in insuring that the services will have access to high-quality recruits, now and in the future.

Mr. Chairman, this concludes our testimony.

PVA

PARALYZED VETERANS
OF AMERICA

Forty Years of Service
1947–1987

STATEMENT OF
BOB MORAN, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SENATE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
"NEW G.I. BILL CONTINUATION ACT" (S.12)
FEBRUARY 4, 1987

Mr. Chairman and Members of the Committee, it is an honor for me to be able to participate here today and speak on behalf of the members of Paralyzed Veterans of America. I am Bob Moran, Associate Legislative Director for PVA.

Initially, Mr. Chairman, I want to take this opportunity on behalf of all of the members of PVA to officially congratulate you on taking over the helm as Chairman of this most important Committee. PVA is confident, as in past Congresses, that with your excellent leadership and our good working relationship, we can address and improve VA programs and benefits that provide for all of our Nation's veterans and their dependents.

801 Eighteenth Street, N.W., Washington, D.C. 20006 (202) USA-1300
Chartered by the Congress of the United States

Also, I would like to welcome back those members to the 100th Congress, who served so adeptly on the Committee last year. PVA looks forward to once again working with each of you on your specific areas of interest which affect our Nation's veterans. And lastly, a special welcome to our newest member of the Committee, Senator Bob Graham. We look forward to developing a good working relationship with the Senator from Florida, a state in which the veteran population is such an important factor and will continue to grow in numbers and need.

And now to the business at hand, PVA wholeheartedly supports a bill introduced by you, Mr. Chairman, the proposed "New G.I. Bill Continuation Act," S. 12. This legislation would amend Title 38 and Title 10, United States Code, removing the expiration date of June 30, 1988, thereby making the educational assistance program under Chapter 30 of Title 38 and Chapter 106 of Title 10 a permanent benefit. .

For over 40 years veterans have been eligible for federal educational assistance under a variety of educational assistance programs. The new G.I. Bill is the best educational incentive the federal government has to offer today. It not only provides for the recruitment of high quality recruits and their retention within the military, but also serves as a vehicle for readjustment back into the civilian population. In a relatively short period of time the New G.I. bill has proven that a more motivated individual, of higher quality, is being attracted to the Armed Services, which is cost effective. Along with providing highly motivated and capable military manpower, drawn from a full cross section of the population, the new G.I. Bill's indirect benefit to the nation is also profoundly felt. For example, the country benefits from a more highly educated populace. As reported by the Department of Labor workers with college degrees had median earnings of $27,777. Those who had completed high school had median earnings of about $18,350 and those with fewer than four years of high school earned only $14,776. Increased taxes paid on increased income more than repays the cost of this educational benefit, the new G.I. Bill, borne by the taxpayer.

Analyses show that educational assistance is the most cost effective means of getting high quality recruits. According to a recent survey conducted by the Army, 35 percent of today's recruits cite the educational benefits as their principal reason for enlisting. In a letter dated November 17, 1986, from Representative G.V. (Sonny) Montgomery, Chairman of the House Committee on Veterans' Affairs, to PVA's National President Richard Hoover, he stated:

> The New GI Bill is helping them (recruiters) bring bright, high quality young people into military service. For example, the Army has told us that during the first 12 months of the New GI Bill, the average monthly percentage of high quality graduate contracts written increased to 57.9% from 50.8% under VEAP. Army Reserve Components report that during the first 12 months of the New GI Bill, U.S. Army Reserve I-IIIA enlistments increased 24%, high school enlistments increased 7% and six year enlistments increased 19% as compared to the pre-New GI Bill rates.

Whether viewed as a readjustment mechanism for veterans returning to civilian life, or as an incentive to attract high-quality young people into military service, or as a prudent investment in our Nation's human resources, the new G.I. Bill should be made a permanent program, with the basic benefits paid for and administered by the VA, so our Nation can continue the tradition of rewarding those who secure and protect our freedom.

In conclusion Mr. Chairman, we commend you and the other Committee Members, as original cosponsors, for introducing this most worthy legislative proposal. PVA supports S.12, the "New G.I. Bill Continuation Act," and has always supported the need and utility of educational incentives as an investment in our Nation's future.

That concludes my statement and I will be glad to answer any questions that I can.

STATEMENT OF
RICHARD F. SCHULTZ
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
COMMITTEE ON VETERANS AFFAIRS
OF THE
UNITED STATES SENATE
February 4, 1987

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than one million members of the Disabled American Veterans, I wish to thank you and the members of the Committee for your invitation to appear here today to express our views on the proposed "New GI Bill Continuation Act" (S. 12) and the effectiveness of the "New GI Bill" as a transition mechanism for members of the Armed Forces who elect to return to civilian life.

Mr. Chairman, as you know, the DAV is composed of honorably discharged veterans who were wounded, injured or otherwise disabled in wartime service for this country. It therefore follows that our organization is primarily concerned with veterans' educational assistance provided by the Vocational Rehabilitation Program under Chapter 31 and the Survivors and Dependents Educational Assistance Program provided under Chapter 35 of Title 38, U.S. Code.

Though our organization was founded on the principle that this nation's first obligation to veterans rests with the rehabilitation of its service-connected wartime disabled, we nevertheless are also concerned with those federal programs which have been designed to enhance the educational opportunities of veterans in general.

I also wish to add that the DAV fully endorses and supports a strong national defense to assure that the United States' Armed Forces are second to none.

Mr. Chairman, as you know, Title VII of the Department of Defense Authorization Act, 1985 (Public Law 98-525) established the "All Volunteer Educational Assistance Program" (commonly called the "New GI Bill") under Chapter 30, Title 38, U.S. Code, and the "Educational Assistance for Members of the Selected Reserve" which appears in Chapter 106, Title 10, U.S. Code. Both programs were initiated as three year "tests" to determine their value as recruitment and retention tools for our nation's Armed Forces and are administered by the Veterans Administration. The Title 38 educational assistance program is also funded by the VA, however, the Title 10 program receives its funding from the Department of Defense.

In addition to the educational assistance program offered under Title VII of Public Law 98-525, the individual branches of the military may also offer recruits various "kickers" in order to enhance recruitment in critical skill areas or to encourage longer enlistments. While these supplemental benefits are also administered by the VA, the individual branch of service offering the "kicker" is responsible for its funding.

In order to participate in the Chapter 30 program, servicemembers who enter active duty for the first time during the period from July 1, 1985 through June 30, 1988 must agree to a non-refundable $100 per month reduction in pay during the first 12 months of their service.

Persons who complete a three year tour of active duty generally receive $300 per month for 36 months and those individuals who complete two years' active duty and four years' service in the reserves receive 36 months of entitlement at $250 per month.

Also, under the Chapter 106 program, reservists who reenlist or extend for a period of not less than six years during the test period can receive educational benefits of up to

$5,040. The Chapter 106 program, however, does not require a monetary contribution from the servicemember.

S. 12

As introduced on January 6, 1987, by yourself, Mr. Chairman, with Senators Murkowski, Matsunaga, DeConcini, Mitchell, Rockefeller, Graham, Cohen and Hollings as original cosponsors, this measure proposes to amend Sections 1411(a)(1)(A) and 1412(a)(1)(A) of Title 38, U.S. Code, and Section 2132(a)(1) of Title 10, U.S. Code, by eliminating the current June 30, 1988 ending date for the educational assistance programs established by Title VII of Public Law 98-525.

Mr. Chairman, as mentioned in this testimony, as well as in previous appearances before this Committee and your counterpart in the House, the DAV focuses its efforts primarily upon those benefits and services earned as a result of a service-connected disability or death. Consequently, our membership has not taken a position on the "New GI Bill," nor do we have an official position on your measure (S. 12) which proposes to continue the "New GI Bill" indefinitely.

Having stated this, I must also say, however, that the DAV fully recognizes the importance of educational benefits as a recruitment and retention device for our Armed Forces. We note that various studies and analysis of the "New GI Bill" have shown that it has prompted a marked improvement in recruitment, resulted in obtaining high quality recruits in the upper mental categories and is now considered as the leading reason for enlistment in the Army.

Mr. Chairman, the great contributions made to this country by the GI Bills of World War II, Korea, and Vietnam in terms of educating and training its citizenry, as well as adding to the Gross National Product and the tax base of nearly every community in this country, are well known. Based upon the high percentage of participants currently enrolled in the "New GI Bill," we believe this educational assistance program will follow in the footsteps of its predecessors. Therefore, we also believe that the "New GI Bill" will serve as an excellent "transition mechanism" by enhancing the future employment opportunities for those individuals who elect to return to civilian life following their initial period of military service.

This concludes my testimony, Mr. Chairman. I again wish to thank you for the opportunity to appear here today and will be pleased to answer any questions you may have at this time.

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

May 21, 1987

The Honorable Alan Cranston
Chairman
Veterans' Affairs Committee
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Thank you for the opportunity to respond to a question you were unable to ask due to time restraint at the February hearing of the Committee on Veterans' Affairs with respect to the NEW GI BILL. Please find enclosed our response to the question posed.

With best wishes and kind regards, I am

Sincerely yours,

Dennis M Cullinan

DENNIS M. CULLINAN
Assistant Director
National Legislative Service

DMC/me
Enclosure

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QUESTION - I would, like to pose the same question to each of our panelists regarding the longer term need for the GI Bill as we enter into the 1990's. I believe you heard my question earlier when you were in the audience relative to the pool of 17 to 20-year-olds getting smaller--to 13 million--by 1991 and thus providing a smaller source to recruit from. We will have to draw a higher percentage from that pool. If you will submit for the record your reaction to that question, I would appreciate it.

RESPONSE - At this time, the all volunteer armed forces are generally regarded as a success. But it is generally understood that the military will come under pressure in the next five years because of fewer potential recruits and less money.

The pool of those 17 to 20 year olds is shrinking. By late 1991 there will be just over 13 million in the age group, down from 17.5 million in 1980, that means the services will have to draw a higher percentage from the available pool.

At the same time, budget pressures are eroding many of the bonuses and financial incentives the Pentagon relies on to attract a soldier. Thus, the future of the all volunteer armed forces might depend on the New Gi Bill.

The Veterans of Foreign Wars, for its part, stands ready to do everything in its power to ensure the continuation of this invaluable readjustment and recruitment program.

STATEMENT OF ALLAN W. OSTAR
PRESIDENT, AMERICAN ASSOCIATION OF STATE COLLEGES AND UNIVERSITIES

February 4, 1987

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify on a matter of critical national importance. As the members of this committee are well aware, the New GI Bill influences much more than just the military services. Its very positive effects are felt by all segments of American higher education, the economy, and society in general.

State Colleges and Universities

The 372 members of the American Association of State Colleges and Universities (AASCU) are located throughout the United States and in Guam and the Virgin Islands. Most were founded as teacher training institutions, campuses of state university systems, municipal universities, or agricultural technical and community colleges. Today, these institutions represent the rich diversity in American higher education. They range in size from a small rural college with a student population of just over 400 to a large urban university with more than 33,000 students.

AASCU colleges and universities are publicly supported, four-year institutions that grant baccalaureate, master's, and doctoral degrees. They grant more than a quarter million bachelor's degrees each year-approximately 31 percent of the total number awarded in the United States. They grant approximately 27 percent of the master's degrees and 5 percent of the doctoral degrees awarded each year.

AASCU institutions are committed to maintaining the special role that public colleges are destined to fulfill in American society - that of providing educational opportunity for all individuals regardless of ethnic background or economic condition. Many of the more than 2.5 million students who attend AASCU institutions are the first members of their families to attend college, and 19 percent are members of minority groups. AASCU institutions are colleges of opportunity for students and serve as important cultural and economic resources for their communities, regions, and states. They are an important and vital national resource.

Benefits of the New GI Bill . . .

Historically, American investment in higher education, particularly when linked to national service, has been extremely successful. The roots of the experimental program under consideration today, are based in the original GI Bill, implemented after World War II - America's first such experiment. Personally, I am somewhat biased toward that program because it put me through college; just as it did many of the members of this committee. However, even the most objective analysts have agreed that the original GI Bill was a substantial factor in building the tremendous strength of the American economy through the 1950s and 1960s. Indeed, the praises for this program continue to be sung. Only one week ago the Honorable Jim Wright from Texas, in his Democratic Response to the State of the Union Address, called the GI Bill one of the greatest investments America has ever made; for every $1 the government invested, it received $20 in increased tax revenues. Thus, the historical foundation for the New GI Bill could not be stronger.

The New GI Bill, as demonstrated by the three-year test program, is a total benefits package. The program's more obvious benefits are for the military services. In the last two years the New GI Bill has been directly responsible for substantial increases in recruitment and retention, particularly for high-quality candidates. It also benefits the individual recruit as both a financial incentive and an intellectual challenge for readjustment to civilian life through continued education. The New GI Bill is also an important aid to American education in general in that it provides confident, motivated students who bring needed diversity and a sense of responsibility to our nation's college classrooms. Ultimately, the biggest beneficiary of the New GI Bill may be the people and government of the United States - through the boost it provides the American economy and increased tax revenues it generates.

In my 21 years as president of AASCU, I have often said that the strength of our society is based on a strong and balanced relationship between three firmaments of American life: 1) the national defense, 2) a productive, healthy economy, and 3) flourishing systems of education. America cannot be strong if any one leg of the triad is weak. In effect, the New GI Bill is the model program for the triad; it strengthens all three.

This Committee has heard, and will continue to hear, from military experts about the substantial benefits of the New GI Bill for our defense needs. I believe these benefits are justification enough for making the New GI Bill a permanent benefit. However, I would like to add some additional points from an educator's perspective.

. . . For the Veteran-Student

For individual recruits who hope to become college students, the New GI Bill is a lifeline. While in the service, the government responsibly aids the recruit in channeling and developing his abilities toward a college education and, at the same time, securing the needed resources to finance his goal. Or, if the recruit chooses, actually taking college courses while in the service.

Recently, I spoke to President Charles Lyons of Fayetteville State University in North Carolina. He has spoken to many students, and potential students, who never even considered going to college; they never thought it was possible. However, the availability of the New GI Bill has put higher education within their grasp. They now realize a college education is not only possible, but they are already on the path to achieving it - through the New GI Bill.

The most obvious aspect of the lifeline is, of course, financial. Over the last few years, the federal government has increasingly shifted its college student aid emphasis from grants to loans. While this policy does relieve some short-term problems, it has resulted in the creation of a debtor class among today's college students. Debts of $10,000 or more are not uncommon among recent college graduates. The student debt burden has reached a crisis.

For many students, particularly those entering lower paying fields such as teaching or social work, these debts are unmanageable. Faced with this situation, many students simply drop out or choose not to go to college. In essence, the debt burden is closing the doors to higher education for many. The New GI Bill is an excellent example of how those doors can be opened again. It allows our veterans to break out of the student debt cycle. The Bill's provisions, which call for a substantial government contribution for higher education relative to the student's contribution, address the college student's single biggest concern - expenses. The wisdom of this policy is evidenced by the experimental program: Over 80% of those recruited elected to participate in the program.

Once the veteran is admitted to college, he continues to benefit from his overall experience with the New GI Bill. In addition to being financially prepared, he comes into the classroom with maturity, confidence, motivation, and a focused goal-orientation that military service breeds. Unlike the student who enters straight from high school, the veteran has been thinking, planning and saving for his college experience for either two or four years. He brings more into the classroom and may get more out of it.

Upon graduation the veteran is in a unique position. In addition to not being in debt, he can take great satisfaction. He has not simply spent two or four years in the classroom. His graduation is a culmination of a combined military-higher education experience that has opened unbound opportunities. And his route, through the New GI Bill, will enhance his appreciation of these opportunities. He has achieved, and can continue to achieve, his fullest potential.

. . . For Education

The New GI Bill also helps American education in a very important way. In a society with an information/knowledge-based economy, a highly educated populace is simply imperative. However, "To Secure the Blessings of Liberty," the recent report of The National Commission on the Role and Future of State Colleges and Universities details "a gathering storm" in U.S. public education. The Commission points to the following factors which portend serious problems for American education and society: The high school dropout rate is now over 25 percent; minority participation in higher education is declining - while their populations are increasing; the illiteracy rate is rising; the American population is aging while the age 18-22 cohort is dwindling and many of those in this age group are disconnecting from society.

In a fundamental and positive way, the New GI Bill addresses these problems. As their numbers shrink, it becomes vital that the country get the absolute most out of our youth. Rather than competing with higher education for these youths, the New GI Bill provides a path for them to develop and maximize their abilities, first through military service and later through higher education, toward productive, educated and responsible citizenship.

. . . For the Nation

As has been carefully documented, federal expenditures on the New GI Bill are not lost; they are invested. And the investment has a sound return. For each $1 spent the government receives $3-$6 in increased tax revenues. This alone justifies the investment.

The government also receives benefits that cannot be measured in dollars. It receives the countless benefits which accrue from the ultimate social security: an informed citizenry.

For all these reasons, I think the Committee should support S. 12 and make the New GI Bill a permanent benefit. I thank you, Mr. Chairman and Members of the Committee, for this opportunity to share my views with you today. I also thank you and your colleagues for your outstanding work on behalf of the New GI Bill; you have the support and gratitude of America's state colleges and universities.

Testimony

on

S. 12

New GI Bill Continuation Act

by

Edward J. Liston
President, Community College of Rhode Island
Member, Board of Directors,
American Association of Community and Junior Colleges
Vice Chair, Joint Commission on Federal Relations
of the
American Association of Community and Junior Colleges
and the
Association of Community College Trustees
Member, National Council of State Directors
of Community and Junior Colleges

Committee on Veterans' Affairs
U.S. Senate
February 4, 1987

Mr. Chairman, I am Edward J. Liston, President of the Community College of Rhode Island. It might be said that I appear here wearing four hats. As President of CCRI, I also represent Rhode Island in the National Council of State Directors of Community and Junior Colleges. As a member of the Board of Directors of the American Association of Community and Junior Colleges, I currently serve as Vice Chair of the Joint Commission on Federal Relations of AACJC and the Association of Community College Trustees (ACCT), which is the Commission that speaks for both Associations on legislative aims.

The community colleges commend you, Mr. Chairman, for moving ahead so vigorously and decisively on the reauthorization of the New GI Bill. Chairman Montgomery of the House would be the first to tell you, we believe, that the community colleges were his principal supporters from the higher education community in the long struggle that produced this exceptional program. And our members have found no cause to regret that support. On the contrary, we are convinced the New GI Bill is exceeding its expectations as a three-year pilot and is now making vital contributions to the national interest on at least three fronts: national security, postsecondary educational access, and a more competitive American skill base.

Its contributions to national security derive essentially from the marked improvements in the general quality of personnel entering the armed services, particularly the Army. We know these improvements are being graphically documented for you by the Army. If the White House continues to oppose the New GI Bill, it will do so in the face of strong evidence that the program is the key to the increasing success of an all-volunteer military.

The most important innovation in the New GI Bill, in our view, is the college incentives it offers for Reserve and National Guard members who take six-year enlistments. Those of us who have supported this innovation from the beginning have often referred to it as an "up front" GI Bill. By allowing the Guard and Reserve enlistees to take college courses while serving their military obligation, the defense system is reaping the direct benefit of the enhanced skills -- this in contrast with the traditional GI Bill, in which the skill enhancement comes after the service. Regardless of the sophistication of our weapons systems, our defenses can be only as strong as the skills of the personnel who staff those systems. It seems axiomatic, in fact, that the more sophisticated armaments become, the more dependent our security is on those skills.

Mr. Chairman, this mixing of military service and college training strengthens both national security and the economy, in both the short and the long run. The college benefits that Guard and Reserve members receive during their enlistments will surely strengthen their civilian careers. Many will apply the skills so gained in defense work, or in extended enlistments, or both.

A perhaps more subtle benefit of the New GI Bill is its potential for alleviating the competition among the military, industry and higher education for the reduced flow of high school graduates -- competition that poses hardships for all three sectors.

In the jargon of affirmative action, great numbers of the Guard and Reserve enlistees who use their New GI Bill benefits will become "two-fers" and "three-fers." That is, they will be college students serving as part-time soldiers, whose training then may lure them into part-time employment as well.

It is worth noting, Mr. Chairman, that a recent analysis by Carol Frances, a consulting economist who is the former chief economist of the American Council on Education, shows that the biggest single step that a working American takes up the pay ladder is the completion of the two-year college degree. It shows that a worker with a two-year college degree earns an average of 80 percent of what a bachelors degree holder earns, while the individual with only a high school diploma earns an average of just 70 percent of what a community college graduate earns. Many of the Guard and Reserve members who use the New GI Bill benefits in community colleges will pursue the technical training that fits the skill needs of the local military unit in which they serve. They are bound to see this as a way to better themselves in rank and pay within the military.

Our higher education system in Rhode Island is working closely with both Reserve and Guard recruiters and training officers to maximize this kind of utilization of young talent in the Rhode Island economy. At the Community College of Rhode Island, for example, we signed a contract with the Rhode Island National Guard two years ago in which the college agreed to offer an Associate Degree program to National Guard officers at the National Guard Armory. Last June General John W. Kiely, Adjutant General of the Rhode Island National Guard, presented diplomas to the first three graduates of this program at CCRI commencement exercises. This year we expect to graduate another 22 Guardsmen. There are currently about 115 National Guardsmen enrolled in CCRI courses. This program is growing every year thanks to the New GI Bill and the potential for further expansion is evidenced by the fact that there are over 2,500 members of the Rhode Island National Guard who are eligible to enroll in Associate Degree programs under the New GI Bill.

I am privileged to serve as a member of the State of Rhode Island Committee for Employer Support of the National Guard and Reserves. In that capacity I have developed an appreciation of the significant role of the citizen soldier and the need to continually find avenues to upgrade the skill and educational levels of our military personnel. The New GI Bill makes that possible.

Mr. Chairman, we should not underestimate the importance of the New GI Bill to the American dream of universal postsecondary educational opportunity. With a marked decline in the purchasing power of Pell Grants, as measured against full costs of college attendance, increasing numbers of high school graduates are likely to turn to the New GI Bill as their surest path to a college education.

In summary, Mr. Chairman, the community colleges are enthusiastic about the opportunities for greater productivity that the New GI Bill offers both to individual Americans and to the national economy alike. We are confident the Congress will see it as a proven plank in the quest to bolster American global competitiveness. We thank you again, Mr. Chairman, and all your colleagues who have supported and are supporting the New GI Bill in the Senate, and we applaud again the dauntless leadership and vision of Congressman Montgomery in building this program. Please count on the continued support of the community colleges.

CAPITAL CURRENT

New GI Bill Inspires U.S. Army's New Educational Philosophy

BY FRANK MENSEL

Because the U.S. Army has been more farsighted and aggressive than the other services in pushing the New GI Bill as a recruitment incentive, the army is now attracting recruits of higher overall quality than at any other time in its history. The New GI Bill has inspired the project the army calls Reaching for Excellence to increase soldier awareness and involvement in education.

The community colleges that are not yet actively working with military recruiters in their districts—particularly the National Guard, the Air National Guard, and the reserve units of the various services—may be missing their most important growth opportunity of the 1980s. Among other considerations, the military is the nation's largest employer. The National Guard alone has some thirty-four hundred separate units operating in the fifty states.

All of the guard and reserve members who have taken six-year enlistments since July 1, 1985, are eligible, if they are high school graduates, to draw $140 a month to attend their local colleges, for up to thirty-six months of study. Coupled with monthly drill pay and a possible Pell Grant, this amounts to the best support system for a low-income student of any package since the original GI Bill.

In recent weeks the Department of Defense has done a complete turnabout on the New GI Bill and informed House Veterans Affairs Committee Chairman G.V. (Sonny) Montgomery, the architect of the New GI Bill, that it intends to support the reauthorization of the program in the new Congress.

The New GI Bill will be all the more helpful to national productivity if the community colleges talk to their local guard and reserve units about their critical skill needs and then help those units to encourage their members to take courses in those skills. Training in critical skills could easily prove the surest road to both military and career success: in many instances, the same skills are in short supply in industry.

The New GI Bill has led the army into a whole new philosophy toward education. Colonel Bruce Battey, director of the army continuing education system, has described it eloquently to the House Committee on Veterans Affairs in a testimony that he titled "U.S. Army Philosophy on Educational Opportunity and Growth." This important testimony follows:

The Army shares the nation's concern for the establishment of a strong educational base on which her citizens can grow and develop. That base directly impacts on the quality of our soldiers and those who lead them. Our ability to man, sustain, and train your Army depends on that partnership. Many of the values and soldierly qualities essential to success on the battlefield—commitment, competence, self-improvement and personal responsibility—have their genesis in education. Consequently, the provision of educational opportunities for professional and personal growth to all soldiers is a standing Army policy.

The Army has initiated a project to increase soldier awareness and involvement in education. The project has been termed "Reaching for Excellence." One goal is to have 9 out of 10 soldiers involved in some type of educational activity by 1990. The Reaching for Excellence initiative will enhance soldier and commander awareness of the value of education. The value that new soldiers place on education is clearly evident in the numbers who are enrolling in the New GI Bill. The New GI Bill is recognized by new soldiers as an invitation to the pursuit of higher learning. The Army readily acknowledges and welcomes that desire for self-growth since it will result in a higher performing soldier. A corps of professional educational counselors throughout the Army are prepared to help that soldier "Reach for Excellence" today and tomorrow.

The Army has the capacity and the desire to be the national leader in providing educational opportunities. Secretary of the Army John O. Marsh and Army Chief of Staff John A. Wickham haved stated that soldiers must not "view their time in the service as time lost from the campus and that all soldiers must recognize . . . that education is a lifelong process." Thousands of young men and women enter the Army from civilian life and return to that life each year. The impressions they receive regarding the value of education and the actions they take to continue their education while voluntarily serving will have a lasting effect on society. Our ability to instill lifelong learning as a personal and professional challenge will result not only in an Army better prepared for the future, but a nation as well. The New GI Bill enhances our ability to recruit young men and women who are committed to self-growth through education.

Informing soldiers of the significant role education plays in their future begins with the Army recruiter and continues at the Army reception station. The New GI Bill briefing stresses the important relationship between self-growth and success, regardless of career intentions. There, new soldiers learn of the Army's desire to be a full partner in that growth. Soldiers motivated to develop the whole person—personally and professionally, in the community and at home with family—become our highest-performing soldiers. And high-performance soldiers form high-performance units that ensure force readiness. Education is fundamental to all that we do in life, and the Army relies on education's vital contribution to organizational growth. It determines how well we think, analyze and communicate. Whether it is training assimilation, leadership development and manning, or sustaining the force—education is the capstone. Soldiers actively involved in educational pursuits are highly motivated, more mature and committed.

Today's Army is the best ever—quality people, better trained and better equipped. Still, we recognize that change is constant and that our need to

> adjust and grow intellectually is ever-present. Education is our best investment in the future. The Army is accepting its moral and legal responsibility to make every effort to instill the desire for professional and personal educational growth in its membership. Soldiers are returning to their civilian lives better prepared to meet the future. The Army and the New GI Bill form a formidable partnership that, working together, can ensure better soldiers and citizens, a ready Army and a stronger nation.

In more recent testimony to the AACJC-ACCT Joint Commission on Federal Relations, Colonel Battey noted:

> In recent years the quality of Army recruits has improved in terms of education and Armed Forces Qualification Test scores. Today over 90 percent of Army recruits are high school graduates, compared to 54 percent in 1980. The reduced attrition resulting from this increase in high school graduates saves the Army about 13,000 personnel annually—almost an entire division. The New GI Bill is significantly improving upon past increases. . . .
>
> Our most constrained market—high quality, graduate males—has seen a 10 percent increase in contracts (6,000 soldiers) as a result of the New GI Bill.

It is fortunate that the military has come to acknowledge the vital linkage between education and national security. Highly advanced weapon systems can secure our defense only when in the hands of fully skilled personnel. These skills that service members and veterans add to the general economy are also vital to American success in global competition.

If one third to one half of the males completing high school enter military service, and if the New GI Bill is renewed by Congress as expected, the program will not only contribute heavily to the skill base the nation must have to meet the global challenge, it will also substantially alleviate the competition among industry, military, and colleges for the same limited pool of young talent.

Frank Mensel, vice-president for federal relations, is also director of federal relations for the Association of Community College Trustees.

TESTIMONY BEFORE THE U.S. SENATE
COMMITTEE ON VETERAN AFFAIRS

February 4, 1987

To the Honorable Senator Alan Cranston, Chairman, and Distinguished Members of the Committee:

I am Dr. Edward C. Keiser, past president of the National Association of Veteran Program Administrators (NAVPA). Ms. Bertie Rowland, current president of NAVPA, sends her regrets that she is unable to be present. NAVPA is most grateful for the opportunity to share with you some of our thoughts and concerns regarding the New G.I. Bill, Chapter 30 and Chapter 106.

NAVPA strongly supported passage and implementation of the New G.I. Bill, which we viewed as a prudent, wise, and cost-effective investment in our nation's human resources. By the same token, NAVPA now strongly supports S-12 which provides for continuation of Chapter 30 and Chapter 106 of the New G.I. Bill, due to expire on June 30, 1988.

Both chapters of the New G.I. Bill are educational assistance programs designed to improve the quality of the all-volunteer armed forces. Evidence from the military services, most dramatically that provided by the Army, as well as current statistical data, clearly demonstrates that Chapter 30 has had an extremely positive impact on recruiting more qualified personnel for the military.

It must be noted that a large percentage of high school graduates going into the services choose to participate in the

New G.I. Bill program as a way to earn money for college. Many of these young people could qualify for Pell grants. Nonetheless, they are making a commitment to their country through military service, and at the same time earning funds that will subsequently enable them to attend college and gain additional training necessary to become more competitive in our technological society. As Richard Halloran wrote in the December 5, 1986, issue of The New York Times, "The Army has found in a survey that the prospect of money for college is now the leading reason young men and women enlist, replacing a negative motivation: inability to get a civilian job."

The senators and congressional representatives who established Chapter 30 must be pleased by the fact that so many young men and women have chosen to participate in the program, demonstrating by this choice their initiative and responsibility for earning educational benefits to attend college. As educators, we in NAVPA are confident that these young people are highly motivated and will be more mature and serious about their collegiate studies when they leave their military service.

The impact of Chapter 106 is equally dramatic. Findings of the Government Accounting Office survey regarding the increase in extensions and enlistments in the Reserves is noteworthy: There has been a significant increase in re-enlistments in the Air Force Reserve (198%), Air National Guard (150%), and Army National Guard (135%). It makes sense to provide educational incentives in order to retain qualified and trained reservists. The benefits of Chapter 106 are twofold. First, qualified, trained personnel stay with their units longer, and second, they enhance their knowledge and training by attending college.

The well-documented positive impact of previous and current G.I. Bills on the education and development of our veterans is significant. Continuation of the New G.I. Bill will reaffirm our nation's commitment to establishing a more qualified military force, while enabling service personnel and veterans to better prepare themselves to compete in business and industry.

Demographic studies indicate that the traditional pool of service recruits between 17 and 20 years old will diminish over the next several years. The recruitment of highly qualified individuals in this group will become more difficult, if not impossible, if the New G.I. Bill is terminated. It is reasonable to predict that, without educational benefits, the notion of an all-volunteer military force would not be feasible, and we would have to return to the notion of conscription.

This nation spends billions of dollars every year on developing new and more sophisticated weaponry. It follows that there is an equally urgent need to recruit and retain highly qualified technical personnel to operate these weapons. As indicated previously, the New G.I. Bill has already contributed significantly to meeting this need. NAVPA views the New G.I. Bill as a significant program providing our young men and women with the opportunity to attend college and prepare themselves to participate more competitively in business and industry.

NAVPA supports the position that funding for the New G.I. Bill should be a Veterans Administration budget item. Historically, the V.A. has been the agency providing these benefits and services to veterans. Funding of these programs through the V.A. provides the opportunity and incentive to update and streamline the rules and regulations governing administration of educational benefits. Funding of the VEAP "kicker" programs and Chapter 106 under the Department of Defense has caused significant delays, confusion, and lack of accurate information, all of which have significant impact on the veteran. While there is certainly room for improvement of V.A. functioning, most would agree that it has an excellent record in serving veterans.

Finally, there exists much concern about the need for this nation to become competitive in the world market. We believe that S-12 will provide the incentive and the means to keep our military forces strong while providing the educational opportunity for veterans to be better educated and more competitive in our industrialized, technological society.

We thank you for the opportunity to share our thoughts and concerns regarding the enormous value of continuing the New G.I. Bill.

aascu
American Association of State Colleges and Universities
One Dupont Circle/Suite 700•Washington, DC 20036-1192•202/293-7070•Cable: AASCU-Washington, DC

May 21, 1987

Darrel Kehrer
Senate Committee on Veterans' Affairs
Room 414, Russell Senate Office Building
Washington, DC 20510

Dear Darrel:

The following is in response to your inquiry about minority participation rates in higher education as they relate to minority populations in general.

According to a 1985 AASCU study, Student Aid and Minority Enrollment, there has been a dramatic decline in the college participation rates of minority high school graduates in recent years. The decline has been caused by several factors, including changes in financial aid patterns, rising college costs, and declining family income. The report concludes that minority students are less able now to afford to go to college than they were five years ago and that the "availability of resources to pay for college is an important determinant in whether people go to college."

The study found that while the number of black high school graduates increased by 29 percent between 1975 and 1981, their college participation rate declined by 11 percent. The same data show the number of Hispanic high school graduates increasing by 38 percent during that same period, and their college participation rate dropping by 16 percent. The number of white high school graduates increased by 7 percent, and their college participation rate remained virtually unchanged.

The report says that while the number of Hispanic college-age young people increased by 42 percent from 1975-1981, the number receiving bachelor's degrees increased by only 21 percent and the number receiving master's degrees rose by one to 22 percent.

Officers: *Chairman*, Hoke L. Smith, President, Towson State University (MD); *Chairman Elect*, Alice Chandler, President, State University College at New Paltz (NY); *Secretary/Treasurer*, Myron L. Coulter, Chancellor, Western Carolina University (NC); *Past-Chairman*, Stephen Horn, President, California State University, Long Beach; *President*, Allan W. Ostar **Directors:** Calvin W. Burnett, President, Coppin State College (MD); Jewel Plummer Cobb, President, California State University, Fullerton; Earl E. Lazerson, President, Southern Illinois University at Edwardsville; William J. Maxwell, President, Jersey City State College (NJ); Margaret Preska, President, Mankato State University (MN); Louis J. Rodriguez, President, Midwestern State University (TX); Natale A. Sicuro, President, Portland State University (OR); Betty Lentz Siegel, President, Kennesaw College (GA); Judith A. Sturnick, President, University of Maine at Farmington; Fred J. Taylor, Chancellor, University of Arkansas at Monticello; James F. Vickrey, Jr., President, University of Montevallo (AL); Stanley P. Wagner, President, East Central University (OK)

May 21, 1987
Page 2

Further, it found that the number of black college-age young people increased by 18 percent during that time, and yet the number receiving bachelor's degrees increased by only 2 percent, and the number receiving master's degrees actually dropped by 16 percent.

I hope this is helpful. If you need more information, I have enclosed the report for you - or feel free to give me a call.

Sincerely,

Lawrence Eiser
Assistant to the President

enclosure

LEE

STUDENT AID AND MINORITY ENROLLMENT IN HIGHER EDUCATION

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Prepared by:

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Dr. John B. Lee
Max K. Rotermund
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ASI 2251

January 1985

Executive Summary

This study provides information on changes in the participation of black and Hispanic students in postsecondary education between 1978 and 1983. Racial and ethnic status often has not been examined in studies such as this one for lack of reliable data on minority students. Although that situation is improving, the results of this study should be taken as suggestive. The purpose of the paper is to describe both the changes in college participation rates and in receipt of student aid by different student populations. The primary information sources used here are the October Current Population Surveys (CPS) and the Freshman Norms survey of the Cooperative Institutional Research Program (CIRP).

The major findings of this study are:

- On the minority population,
  - The black and Hispanic proportion of the total population will be greater than 25 percent in the year 2020, compared to less than 20 percent in 1980.
  - Growth in median income of black and Hispanic families has not kept pace with growth in median white family income. On this measure, black and Hispanic families were poorer in 1982, relative to whites, than they were in 1972.
- On the postsecondary education enrollment of black and Hispanic students,
  - Of all Hispanic students, 54.2 percent are enrolled in two-year public schools.
  - Of all black students, 41.1 percent are enrolled in two-year public schools.
  - Only 35.3 percent of white students are enrolled in two-year public schools.
  - White students receive a disproportionate share of degrees granted, although black and Hispanic students gained a slightly greater share of degrees in 1981 than they had in 1976.

- On meeting the costs of college.
  - Black and Hispanic students use more financial aid per student than do white students, but the differences are becoming smaller as white students use more aid.
  - White students met 13.3 percent more of their costs using departmental aid in 1983 than in 1978, while black and Hispanic students met 6.4 and 4.5 percent more of their costs, respectively.
  - The Department of Education provided 73.4 percent of all aid in 1983, compared to 61.0 percent in 1978.
  - The current net price of postsecondary education, i.e., the out-of-pocket family contribution, increased by 11.8 percent between 1978 and 1983, after adjustment for inflation.
  - Hispanic families saw their current net price increase by 21.5 percent; white families, by 12.2 percent; and black families, by 0.9 percent between 1978 and 1983.
- On participation in postsecondary education,
  - Overall, the participation rate in postsecondary education increased by 5.3 percent between 1978 and 1982. Among the college-eligible population aged 18-24, 28.4 percent were enrolled in 1978 and 29.9 percent in 1982. Dependent individuals were slightly less likely to be in school in 1982 and independent individuals were more likely to be enrolled.
  - Dependent individuals from families with income under $20,000 (inflation-adjusted) were less likely to be enrolled in 1982 than they were in 1978. Enrollment of dependent individuals with family income above $20,000 increased between the two years.

These findings suggest that it is more difficult economically to enroll in college now than it was in 1978. Lower-income families, among whom are a disproportionate share of minority students, lost resources during this period both in the form of family income and in student aid dollars. They became less likely to send their children to college. Higher-income families became more likely to send their children to two-year public schools, the lowest-cost institutions, than to more expensive schools. Thus, there is indication of trading down among students, from more expensive to less expensive schools and from less expensive schools to non-enrollment.

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1.0 INTRODUCTION

The Paper examines changes in minority collegiate enrollment and participation in student aid. The availability of resources to pay for college is an important determinant in whether people attend college.

The purpose of this paper is to describe some of the enrollment patterns of the black and Hispanic population in colleges and universities. Particular attention will be paid to the way in which college costs are financed. Because minority populations in this country are more likely to be low-income and thus lag behind the majority population in income, student financial assistance is a critical factor in financing the costs of their attending postsecondary institutions.

Although minority enrollment rates have increased over the last three decades, in recent years they have stabilized below the majority enrollment rate. There is evidence that enrollment rates for the lowest-income minority groups have declined since the mid-1970's. Recent economic problems, including inflation and unemployment, have had the greatest negative impact on the poorest members of the population. The poor are poorer today than they were in the mid-1970's and there are more of them. Median family income dropped by 12.6 percent between 1970 and 1982, after adjustment for inflation.

Federal and state programs of student financial assistance have not kept up with the increasing cost of college attendance. Many of the programs instituted in the 1960's and early 1970's, as part of the national commitment to rectify historical neglect of minorities, have not received enough increases in funding to assure that the maximum student aid grants are adequate to pay today's costs at the same rate as was the case when the programs were instituted. For example, the Pell program would need to provide a maximum grant of approximately $3,000 today to equal the purchasing power of the $1,600 maximum grant available 1974. Over the last decade, colleges have had to increase tuition and fee charges to keep up with inflation. Public colleges increased these charges by 94 percent between 1973-74 and 1982-83. During the same time period, private college costs increased 119 percent (NCES, 1984). As a result, an increasingly poorer population has faced steadily higher costs of education with shrinking amounts of aid. The loss of Social Security benefits and the decline in eligibility for veteran student benefits have had a significant impact on minorities who make up a disproportionate share of recipients relative to their share of the population. It is to be expected that under these conditions enrollment of minorities in college will not continue to expand and may even decline.

The importance of student aid for minority and lower-income students was stressed at a policy seminar titled "Who Gets Student Aid" (American Council on Education, 1984). Evidence presented at the seminar suggests that the proportion of minority students receiving federal aid at public schools declined between 1981-1982 and 1983-1984.

The availability of student aid may be the critical factor in whether an individual enrolls in college, but it is not the only determinant. Terkla and Jackson (1984, p. 4) identify the basic criteria in the college-going choice question as "a combination of students' aspirations, academic achievement, and the assessment of the availability of resources..." So, while this study focuses on the resources minority students use to pay for college, no claim is made that student aid is the sole determinant for college-going behavior.

This paper first reviews some of the characteristics of the minority population in the nation, including enrollment in college. It then describes the way minority students finance their educational costs. Two measures of equity are used to evaluate the fairness of current student financial assistance programs. The indications are that the programs are less equitable now than they were in the mid-1970's.

2.0 DEMOGRAPHIC AND SOCIOECONOMIC FACTORS

> **Members of all minority groups will comprise more than 30 percent of the U.S. population in the year 2020 (1980 = 19.1 percent). Black and Hispanic families are falling further behind white families according to a number of economic measures. While white individuals are as likely to attend college now as in the mid-1970's, black and Hispanic participation has fallen off. Once enrolled in college, black and Hispanic students are less likely to receive degrees than are white students.**

In 1980, black and Hispanic Americans constituted 19.1 percent of the total population. More significantly, however, while the total population increased by approximately 50 percent between 1950 and 1980, the Hispanic population grew by 255 percent. Over the same time period, the number of black Americans increased by more than 150 percent (Cary, et. al., 1983, p.8). The rapid growth of both black and Hispanic populations in the U.S. is likely to continue through the beginning of the next century. Table 1 presents population projections (numbers and percent of totals) of white and minority groups out to the years 2000 and 2020. By 2020, between 25.4 and 28.7 percent of the population will be either black or Hispanic, depending on annual net immigration. In contrast, the percent of the population which is non-Hispanic white is shown as declining between 1980 and 2020 from 79.9 percent to 69.5 percent (with low immigration) or 64.9 percent (with high immigration).

Black and Hispanic Americans are younger than white Americans. Data from the 1980 Census of the Population show that the median age for white Americans was 31.3 years, for black Americans 24.9 years, and for Hispanic Americans 22.1 years. In the years ahead, the number of black and Hispanic individuals of college age will grow faster than the number of white individuals.

The minority population is not evenly distributed geographically. The largest number of black Americans reside in the South, with a greater Hispanic concentration in the South and West.

TABLE I

U.S. POPULATION 1980 AND AS PROJECTED FOR 2000 and 2020

Groups	1980 Number (mil.)	1980 Percent of Total	2000 Number (mil.)	2000 Percent of Total	2020 Number (mil.)	2020 Percent of Total
			Annual Net Immigration = 500,000			
Total U.S. Population	226.5	100.0	267.4	100.1	291.5	100.0
White	181.0	79.9	198.9	74.4	202.7	69.5
Black	26.5	11.7	35.2	13.1	41.7	14.3
Hispanic[1]	14.6	6.4	23.8	8.9	32.4	11.1
Asian and Other	4.4	2.0	9.5	3.6	14.7	5.0
			Annual Net Immigration = 1 million			
Total U.S. Population			279.1	100.0	316.9	100.0
White			200.3	71.7	205.6	64.9
Black			36.4	13.0	44.4	14.0
Hispanic[1]			30.3	10.8	46.6	14.7
Asian and Other			12.1	4.3	20.3	6.4

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[1] May be of any race.

Source: Leon F. Bouvier and Cary B. Davis, *The Future Racial Composition of the United States* (Washington, D.C.: Demographic Information Services Center of the Population Reference Bureau 1982).

Twelve states (New York, Pennsylvania, Ohio, Illinois, Michigan, Virginia, North Carolina, Georgia, Florida, Louisiana, Texas and California) have over 65 percent of the black population in the U.S. Almost 63 percent of Hispanic Americans live in just three states: New York, California and Texas. Table B-1 of Appendix B shows resident population by region and state, based on the 1980 Census.

The Hispanic population is diverse and not easily categorized. A recent study using 1980 data documents the diversity among Americans of Hispanic heritage. Mexican-Americans have the lowest proportion of students in college compared to other Hispanic groups. Cuban-Americans are closer to white Americans in terms of family income and college attendance. The college attendance rate of the Puerto Rican-heritage population is higher than than that for Mexican-Americans, although their family income is generally lower. The remaining group, a combination of all other Latinos, tend to have higher family incomes and college attendance rates [Lee, 1984].

Black and Hispanic families have lost economic power relative to white families over the last decade. In 1982, the median incomes of Hispanic and black families, as a percent of white family income, fell to their lowest point since 1972 (66 percent and 55 percent, respectively). Figure 1 shows the inflation-adjusted median income for white, black and Hispanic families. White family incomes grew faster than did minority family incomes. Furthermore, a higher proportion of black and Hispanic families live below the poverty level (See Appendix B, Tables B-2 and B-3). Figure 2 depicts this income picture for 1982, and shows high concentrations of black and Hispanic Americans in the lower family income categories. Not evident in the numbers on family income and proportion of the population in poverty is the fact that black and Hispanic Americans represent a larger proportion of families with dependent children and, thus, their income supports more people than that of white families [American Council on Education, p. 2].

TABLE B-3

POVERTY RATE OF HISPANIC, BLACK AND WHITE FAMILIES: 1973-1982

	Percent of Families Below Poverty Level			Ratio of Hispanic to White Poverty Rate	Ratio of Black to White Poverty Rate
Year	Hispanic	Black	White		
1973	19.8%	28.1%	6.6%	3.0	4.2
1974	21.2	26.9	6.8	3.1	3.9
1975	25.1	27.1	7.7	3.3	3.5
1976	23.1	27.9	7.1	3.3	3.9
1977	21.4	28.2	7.0	3.1	4.0
1978	20.4	27.5	6.9	3.0	3.9
1979	20.3	27.8	6.9	2.9	4.0
1980	23.2	28.9	8.0	2.9	3.6
1981	24.0	30.8	8.8	2.7	3.9
1982	27.2	33.0	9.6	2.8	3.4

Source: U.S. Bureau of the Census, Current Population Report, Series P-60, Nos. 138 and 140.

TABLE B-4

ENROLLMENT IN INSTITUTIONS OF HIGHER EDUCATION BY RACIAL AND ETHNIC GROUP AND CONTROL AND TYPE OF INSTITUTION FALL 1982

Type and Control of Institution	White	Black	Hispanic[1]
All Institutions			
Number	9,997,117	1,101,499	519,250
Percent	100.0	100.0	100.0
Public Universities:			
Number	1,853,299	99,742	44,184
Percent	18.5	9.1	8.5
Private Universities:			
Number	596,202	44,565	21,286
Percent	6.0	4.0	4.1
Public Other 4-Year:			
Number	2,404,628	320,985	119,960
Percent	24.1	29.1	23.1
Private Other 4-Year:			
Number	1,451,450	147,008	43,239
Percent	14.5	13.3	8.3
Public 2-Year:			
Number	3,526,771	452,390	281,502
Percent	35.3	41.1	54.2
Private 2 Year:			
Number	164,767	36,809	9,079
Percent	1.6	3.3	1.7
Total 2-Year:			
Percent	36.9	44.4	55.9

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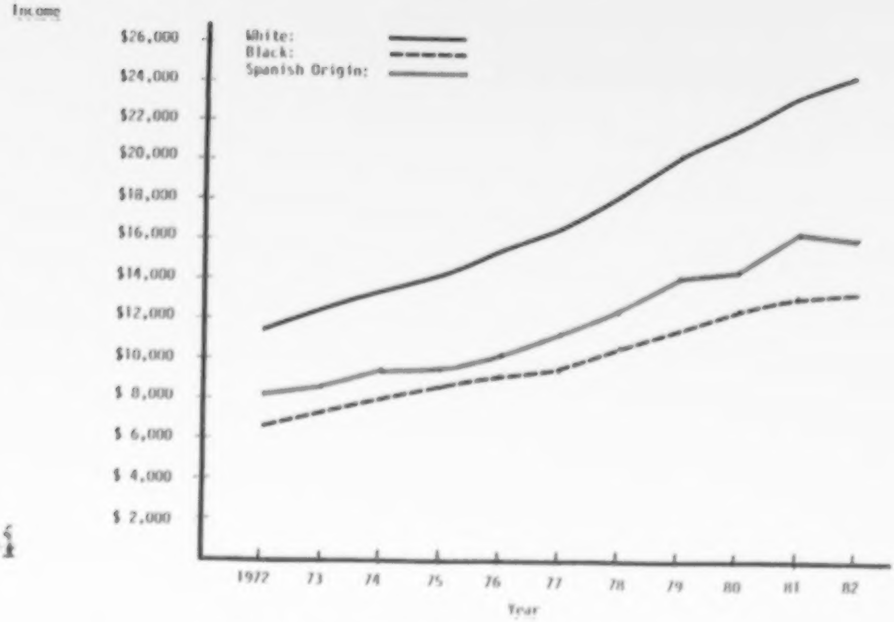
[1] May be of any race.

Source: National Center for Education Statistics, Unpublished Statistics (Washington, D.C.), Table A-21.

FIGURE 1

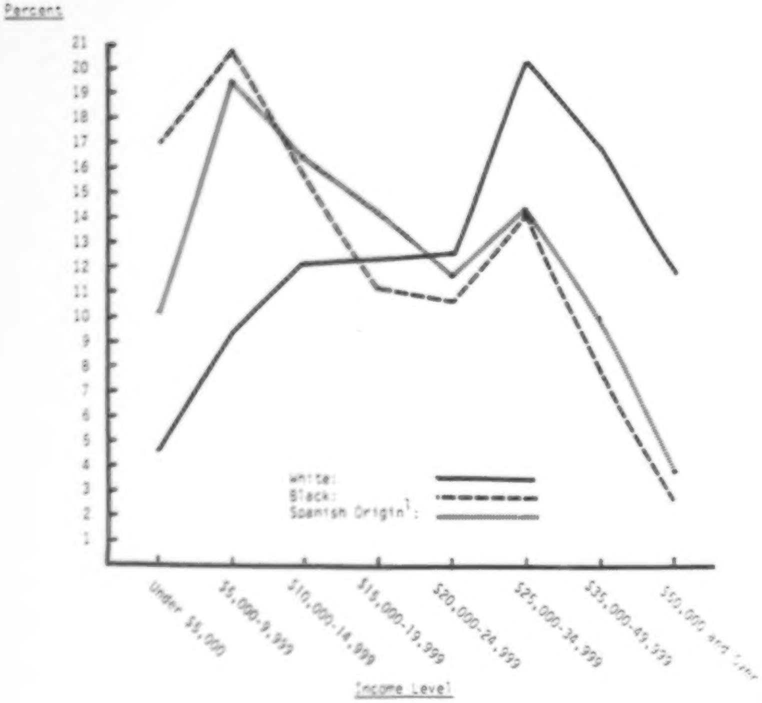
MEDIAN FAMILY INCOME IN CONSTANT 1982 DOLLARS
BY RACE AND SPANISH ORIGIN, 1972-1982



Source: U.S. Bureau of the Census, *Statistical Abstract of the United States*, 1984, Table No. 763, p. 463.

FIGURE 2

MONEY INCOME OF FAMILIES--PERCENT DISTRIBUTION BY INCOME LEVEL
BY RACE AND SPANISH ORIGIN
1982



Source: U.S. Department of Commerce, Bureau of Census, *Statistical Abstract of the United States, 1984*, Table 762, p. 463.

[1] Persons of Spanish Origin may be of any race.

2.1 Postsecondary Institutional Enrollment

While enrollment rates for white individuals were generally stable over the last decade, there was a significant surge in black enrollment between 1970 and 1975, a phenomenon generally attributed to the concurrent expansion of federal programs to assist minorities and low-income students in gaining access to institutions of higher education and an increased concern about minority achievement in American schools. By 1975, the percent of black high school graduates going on to college was almost at the level of the white population, although black high school graduation rates continued to be lower (U.S. Department of Education, 1983, pp. 3-4). Between 1975 and 1981, however, although the actual number of black students in college increased, the enrollees as a percentage of all college-eligible black Americans declined slightly from 1975 levels. Similarly, while the number of Hispanic students going to college between 1975 and 1981 remained steady, these students as a percentage of Hispanic high school graduates dropped markedly. Table 2 describes the college enrollment of whites, blacks and Hispanics in the 18-to-24 year old category between 1970 and 1981.

Another important aspect of minority higher education enrollment is the type of institution in which they are enrolled. Hispanic and black students are concentrated in the two-year community colleges. By comparison, in 1982 white students were twice as likely to enter public universities and more likely to enroll in private universities than were black or Hispanic students. The significance of these enrollment patterns is found in the availability of resources which differentiates the four-year institutions, especially universities, from two-year community colleges. According to Alexander Astin, more than twice the number of students in four-year institutions complete a Bachelor's degree within nine years than do those who begin their higher education at two-year colleges (Astin, 1982, p. 132). The enrollment figures by type and control are presented in Table B-4 of Appendix B.

TABLE 2

POPULATION, HIGH SCHOOL GRADUATES, AND COLLEGE ENROLLMENT OF 18-TO-24 YEAR OLDS, BY RACIAL/ETHNIC GROUP: 1970, 1975 AND 1981

Racial/Ethnic Group and Year	Population	High School Graduates	College Enrollment	College Enrollment as a Percent of Population	College Enrollment as a Percent of High School Graduates
	Numbers, in Thousands			Percent	
White					
1970.......	19,608	15,960	5,305	27.1	33.2
1975.......	22,703	18,883	6,116	26.9	32.4
1981.......	24,486	20,123	6,549	26.7	32.5
Black					
1970......	2,692	1,602	416	15.5	26.0
1975.......	3,211	2,081	655	20.4	31.5
1981.......	3,778 17%	2,678	750	19.9 -2%	28.0 11%
Hispanic					
1970..	-	-	-	-	-
1975.......	1,446	812	295	20.4	35.5
1981.......	2,052 42% increase	1,144	342	16.7 18%	29.9 16%

- Not Available.

Note: Hispanics may be of any race.

Source: U.S. Department of Commerce, Current Population Reports, "School Enrollment-Social and Economic Characteristics of Students," Series P-20, Nos. 222, 303, 362. Figures for 1981 from Current Population Reports, Series P-20, No. 373 (Advance Report, October 1981), issued February 1983.

In 1983, the 102 Traditionally Black Institutions (TBI's) enrolled about one out of five black college students. Nonetheless, black enrollment trends during the 1970's and 1980's have been increasingly away from TBI's into other institutions (U.S. Department of Education, 1983, pp. 9-11).

2.2 Degree Completion

Another measurement of minority participation in American higher education is the number of students who actually complete degree programs at various levels and in what fields of study. Table 3 summarizes and compares the graduation rates for white, black and Hispanic students for 1975-76 and 1980-81 at the Bachelor's, Master's, Doctorate, and First Professional degree levels. At first perusal, the numbers show little change for the three groups at all degree levels over the six-year period. Nevertheless, when setting these figures against the rapidly growing Hispanic and black college-age pools, they suggest that these two groups are indeed under-represented at each point of graduation and have, in fact, made little or no progress since the mid-1970's.

This conclusion is confirmed by the National Longitudinal Study which found that 34 percent of white, 24 percent of black and 13 percent of Hispanic students who entered college in 1972 received their Bachelor's degree by 1976 (Astin, 1982, p. 40). The lower retention rates for black and Hispanic students reflect, in part, a concurrent finding that, for all students, the highest withdrawal rates were in the two-year colleges, where black and Hispanic students have a high proportional enrollment. Another determination from the study was that, regardless of racial or ethnic background, students receiving financial assistance left college at a lower rate than those receiving no aid (Brown, et. al., 1980, p. 184).

Finally, from 1980-81 data collected by the U.S. Department of Education's Office of Civil Rights, the American Council on Education and the Hispanic Higher Education Coalition, a skewed pattern of black and Hispanic representation in various selected

TABLE 3

DEGREES CONFERRED BY INSTITUTIONS OF HIGHER EDUCATION IN THE 50 STATES AND D.C., BY RACIAL/ETHNIC GROUP FOR 1975-76, 1980-81

Degree	Racial/Ethnic Group	1975-76	% of Total	1980-81	% of Total
Bachelor's	White	811,599	88.4	804,469	86.4
	Black	59,122	6.4	60,533	6.5
	Hispanic[1]	17,964	2.0	21,751	2.3
	Other[2]	29,703	3.2	44,850	4.8
Master's	White	262,771	85.0	241,215	82.0
	Black	20,345	6.6	17,133	5.8
	Hispanic[1]	5,299	1.7	6,461	2.2
	Other[2]	20,848	6.7	29,373	10.0
Doctorate	White	27,434	81.2	25,908	78.8
	Black	1,213	3.6	1,265	3.8
	Hispanic[1]	396	1.2	479	1.5
	Other[2]	4,744	14.0	5,211	15.9
First Professional Degree	White	56,332	90.7	64,492	90.0
	Black	2,694	4.3	2,929	4.1
	Hispanic[1]	1,079	1.8	1,951	2.7
	Other[2]	1,980	3.2	2,314	3.2

NOTE: Excludes degrees not reported by racial/ethnic group. More than 99.5 percent of the degrees conferred at each level were reported by racial/ethnic group.

[1] May be of any race.

[2] Others include American Indian/Alaskan Native, Asian or Pacific Islander, and Nonresident Aliens.

Source: U.S. Department of Education, Office of Civil Rights, Data on Earned Degrees Conferred by Institutions of Higher Education by Race, Ethnicity and Sex, Academic Year 1980-81 and unpublished tabulations. Special tabulation prepared by the Hispanic Education Coalition for the American Council on Education.

fields of study is also evident. Education has the highest concentration of black and Hispanic graduates, while engineering and the physical sciences are at the lower end of the scale at all degree levels. This tendency may result, at least in part, to low levels of academic preparation in mathematics and science at the high school level (Astin, 1982, pp. 73-74).

2.3 Summary

These trends have important implications for American postsecondary education and for federal and state policy in this area. On the one hand, black and Hispanic Americans are among the fastest growing and poorest segments of the U.S. population. On the other hand, their progress toward achieving representation in postsecondary institutions reflective of their actual numbers has stalled, if not suffered a setback, since the mid-1970's. Minority students continue to be more likely to enroll in less selective institutions and are less likely to receive a degree if they do enroll in college.

The continuing problem of lagging minority enrollment can be explained in part by the failure of federal student assistance appropriations to keep up with inflation. College costs have risen more rapidly than maximum student aid grants for the lowest income groups. This coupled with the increasing number of people falling below the poverty line has made it doubly difficult for the poor to attend college. Because such a large proportion of the U.S. minority population is poor, the combined effects have made college attendance for minorities more difficult now than was the case five years ago. The next section examines the question of student aid in the context of how students pay for their college education.

3.0 PAYING FOR COLLEGE

Families pay over 75 percent of the cost of college attendance. Between 1978 and 1983, the share paid by student aid declined from 24.6 percent to 23.7 percent. White students increased their use of student aid to a greater degree than did minority students. Student aid paid a smaller share of costs for black students in 1983 compared to 1978. This may account in part for the decline in the probability of college enrollment among minorities evident in the data compared to the stable probability found for white individuals.

Students use a range of resources to pay the costs of attending college. These sources include parents, the student's own income, public assistance and other private sources. A student's family carries the primary responsibility for meeting the cost of college attendance. The original purpose of federal assistance was to equalize the ability of families to pay for college by providing a subsidy for the lowest-income families. Financial aid in the form of grants and loans, in effect, reduces the price of attendance for those families who qualify for the aid. The principal Department of Education aid programs (Pell, Supplementary Educational Opportunity Grants; National Direct and Guaranteed Student Loans; and College Work Study) are designed to reduce the economic barriers for those families who otherwise could not afford to send their children to college. The programs promote equity in the availability of college to everyone.

Federal student aid policy has been undergoing significant changes over the past few years. The first change has been in the concentration of programs in the Department of Education. The demise of Social Security student benefits and the decline in the number of individuals eligible for veteran's benefits have resulted in an increased concentration of student aid dollars in the Department's programs. The second change has been the shift from grant assistance to self-help (i.e., loan and work) assistance. The most significant increase in aid over the last few years has been in the Guaranteed Student Loan Program. The third change has been an easing of income restrictions for student aid eligibility. More middle-income students are eligible for aid now than was the case in the mid-1970's. At the same time, inflation has eroded the purchasing power of the maximum grant, which has not been increased appreciably in the last ten years. This means that low-income students have suffered while middle-income students have benefited.

In 1978, $9.3 billion in federal grants went to students. That amount declined to $4.6 billion in 1983. Federal appropriations for student loans increased from $2.4 billion in 1978 to $4.3 billion in 1983. There was roughly half as much grant money and nearly twice as much loan money available to students in 1983 compared to 1978.

During this period, the real cost of college attendance increased. Families contributed more and received fewer student aid dollars relative to the cost of attendance. After adjustment for inflation, the amount of federal student aid has been declining since 1980. In 1978, federal grants and federally guaranteed loans amounted to $15.5 billion (in 1983 dollars). By 1980, this aid equaled $19.6 billion and then declined to an estimated $13.1 billion for 1983. The amount of federal aid available in fall 1983 was 15.5 percent less than that available in 1978.

3.1 Student Aid

Minority families are less likely to be able to pay for a college education than are majority families. As indicated in in Section 2.0 of this paper, black and Hispanic families have lower incomes than do white families. Consequently, black and Hispanic students must depend on financial aid to a greater degree than do white students to finance their college education.

Black and Hispanic students receive more student aid, on average, than do white students. In the fall of 1983, the sum of grants and loans used by black students averaged $1,854; the amount used by Hispanic students averaged $1,554; and the amount used by white students averaged $1,260. These values are presented in Table 4. Since eligibility for most student aid is based on family income, these data, calculated from responses made by first-time, full-time freshmen in the annual Freshman Norms sample of the Cooperative Institutional Research Program (CIRP) (Astin, et. al., 1984), are consistent with the general pattern of black families having the lowest average incomes and Hispanic families having incomes intermediate to black and white families.

The inflation-adjusted trend in student aid per student since 1978 shows full-time freshmen received 6.4 percent more aid in 1983 than they did in 1978 (Table 4). Aid to white students increased by 7.9 percent, and to Hispanic students by 6.4 percent. In contrast, black student aid decreased by 4.7 percent. The wealthiest population enjoyed the largest increases, while the poorest had their aid reduced. All sources of grants and loans are included in this analysis. The College Work Study program is not included, however, as it is more properly a subsidy for institutions than for students. Students must earn this money through work.

The evidence suggests that all students are more dependent now on financial aid programs managed by the Department of Education than they were in 1978. In 1978, the Department provided 61.0 percent of all non-family financial assistance. By 1983, the departmental share had increased by 12.4 percent to 73.4 percent. White students reported being 13.3 percent more dependent on this source of aid, while black and Hispanic students reported only 6.4 percent and 4.5 percent greater dependency, respectively. This suggests that white students have increased their share of Department of Education student aid more rapidly than minority students. As a result, the difference in dependency between white and black students, the highest- and lowest-income students, decreased between 1978 and 1983.

In general, the share of student aid provided by the Department of Education was higher at lower-cost schools than at

TABLE 4

ADJUSTED STUDENT AID
BY RACE, HISPANIC AND TYPE AND CONTROL
1978, 1983

	1978	1983	% Change 1978-1983
All Schools			
White	$1,168	$1,260	+ 7.9%
Black	1,945	1,854	- 4.7
Hispanic	1,464	1,554	+ 6.1
Total	1,238	1,317	+ 6.4
2-Year Public			
White	943	967	+ 2.5
Black	1,074	1,125	+ 4.7
Hispanic	870	752	-13.6
Total	950	968	+ 1.9
4-Year Public			
White	878	934	+ 6.4
Black	1,779	1,654	- 7.0
Hispanic	1,275	1,301	+ 2.0
Total	970	1,026	+ 5.8
All Private			
White	2,032	2,348	+15.6
Black	2,844	2,790	- 1.9
Hispanic	3,238	3,092	- 4.5
Total	2,147	2,421	+12.8

Source: CIRP; 1978, 1983

higher-cost schools. Two-year schools were least able to provide institutional aid. Almost 92 percent of the aid used by two-year public school students came from the Department. Approximately 65 percent of the aid used at private schools came from departmental programs.

The income tests used in determining eligibility for student aid ensure that lower-income students, generally those with the greater need, receive more assistance than do higher-income students. The data confirm the greater dependence of lower-income students on student aid. That white students increased their proportionate utilization of student aid while black students decreased their usage suggests that student aid programs were less equitable in 1983 than they were in 1978. Expansion of departmental program eligibility to higher-income students without a corresponding increase in funding and raising of maximum award size has diluted the capacity of these programs to maintain the level of support lower-income students received prior to the eligibility changes.

3.2 Current Net Price

Department of Education aid is provided as means of encouraging the offspring of lower-income families to attend college. That aid should reduce the economic burden on these families.

One way to assess the equity of federal student aid and programs is to note changes in the current net price faced by families. Current net price is the cost of college to the family after the price has been reduced through use of grants or loans, that is, the family contribution. In short, it is the current out-of-pocket cost of sending an offspring to college. Equity is achieved when lower-income families pay proportionately less than do higher-income families to send their children to college. Public funds replace the support which is not available from the family.

Increases have been evident across the board: in cost, aid and family contribution. Cost has increased the most, followed by family contribution. Aid has increased the least. CIRP data for 1978 and 1983 indicate that the families of white students contributed more to their children's education than did Hispanic families, who, in turn, contributed more than did black families. This finding is reflected in Table 5. Again, as in the case of financial aid, this is the expected result based on the general income distribution of the three groups.

However, it should be noted that the increase in the amount contributed by families between 1978 and 1983 exceeded the increase in the average financial aid award. Thus, while the amount of aid increased by 6.4 percent, family contribution increased by 11.8 percent. In 1978, families contributed an average of $3,793 (expressed in 1983 dollars). By 1983, they contributed $4,240. The contribution of black families remained unchanged ($3,255 in 1978, $3,283 in 1983). The average contribution of white families increased by 12.2 percent from $3,847 to $4,317 between the two years. The contribution of Hispanic families grew by the largest amount, from $3,337 to $4,056, up 21.5 percent between 1978 and 1983.

With student aid and family contribution increasing between 1978 and 1983, albeit at different rates, the average cost of education rose by 10.5 percent, from an inflation-adjusted $5,031 in 1978 to $5,557 in 1983. Hispanic students experienced the largest cost increase (+16.5 percent), while black students experienced little change (-1.2 percent). Costs for white students were up by 11.2 percent.

The cost of college after student aid (i.e., net price) increased nearly 12 percent between 1978 and 1983 (after correction for inflation--see Table 5). Hispanic students experienced the largest increase and black students, the smallest. Hispanic students are going to more expensive schools, on average, while black institutional enrollment trends are changing very little. White students are attending higher cost schools than either of the minority groups. These findings suggest that college choice has improved for white and Hispanic students, but there has been little change in choice of

TABLE 5

ADJUSTED CURRENT NET PRICE
BY RACE, HISPANIC AND TYPE AND CONTROL
1978, 1983

	1978	1983	% Change 1978-1983
All Schools			
White	$3,847	$4,317	+12.2%
Black	3,255	3,283	+ 0.9
Hispanic	3,337	4,056	+21.5
Total	3,793	4,240	+11.8
2-Year Public			
White	2,892	3,497	+20.9
Black	2,722	2,865	+ 5.3
Hispanic	2,910	2,780	- 4.5
Total	2,882	3,452	+19.8
4-Year Public			
White	3,577	3,715	+ 3.9
Black	2,657	2,722	+ 2.4
Hispanic	2,976	3,610	+21.3
Total	3,478	3,595	+ 3.4
All Private			
White	5,438	6,223	+14.4
Black	4,487	4,475	- 0.3
Hispanic	4,224	5,473	+29.6
Total	5,309	6,072	+14.4

Source: CIRP; 1978, 1983

institutions for black students, who tend to have the lowest family income among the three groups.

The shifting patterns of student aid have resulted in increased assistance to white and Hispanic students and reduced aid to black students. This shift is due to increasing reliance on loan assistance by middle-income students with little increase in funds for grant assistance which benefits the lowest-income students. The relative income of the three groups is the basic explanation for these outcomes. One possible effect of this policy has been to enable white and Hispanic students to attend more expensive schools, while black students have not had the same options to do so.

3.3 Participation Rates

Higher-income families have always been more likely to send their offspring to college than have lower-income families. It is expected that if the cost of college attendance is reduced by student aid, there should be an increase in the proportion of the college-eligible population going to college. If, on the other hand, the current net price of education rises, fewer families should be able to send their children to college. This notion may be tested through analysis of college-going participation rates. The participation rate is the ratio of those individuals who are attending college over their corresponding college-eligible subpopulation. Equity is achieved when lower-income individuals enroll in college in proportions similar to the enrollment rate of higher-income individuals. The Census Bureau's October Current Population Survey (CPS) is the source for the participation rate data. The picture that emerges from the CPS data confirms the previously suggested notion that it is more difficult economically to go to college now than it was in 1978.

Table 6 reports the proportion of eligible individuals, aged 18-24, who attended college in 1978 and 1982 on an FTE basis. Because of constraints in the data, it is not possible to report the participation rates for older age groups at this time.

TABLE 6

FTE PARTICIPATION RATES FOR SUBPOPULATIONS FOR THE COLLEGE-ELIGIBLE AGE 18-24 POPULATION BY FAMILY INCOME AND TOTALS BY TYPE & CONTROL 1978, 1982

(Percentage)

	WHITE			BLACK			HISPANIC			TOTAL		
	1978	1982	% Change 1978-82	1978	1982	% Change 1978-82	1978	1982	% Change 1978-82	1978	1982	% Change 1978-82
All Schools												
Family Income under $10,000	27.6	25.8	- 6.5	32.7	22.7	-30.6	23.5	26.7	+13.6	30.3	25.2	-16.8
$10,000-$19,999	38.0	33.0	-13.0	32.3	32.2	- 0.3	34.2	26.9	-21.3	36.0	32.9	- 8.6
$20,000-$29,999	36.1	36.8	+ 1.9	34.5	35.7	+ 3.5	32.3	32.9	+ 1.9	36.3	37.3	+ 2.8
$30,000-Plus	49.0	51.0	+ 4.0	46.7	44.6	- 4.5	47.8	40.6	-15.1	49.9	51.7	+ 3.6
All Dependent	43.2	42.9	- 0.7	35.6	31.5	-11.5	31.6	31.2	- 1.3	42.4	41.7	- 1.7
Independent	10.9	12.5	+14.7	12.4	10.9	-12.1	12.3	11.7	- 4.9	11.4	12.8	+12.3
All Students	28.1	30.1	+ 7.1	27.8	24.8	-10.8	21.7	23.9	+10.1	28.4	29.9	+ 5.3
At 2-Year Public	5.8	7.3	+26.1	6.6	5.5	-16.7	7.2	8.8	+22.2	6.0	7.2	+20.0
At 4-Year Public	15.0	15.7	+ 4.7	15.5	13.6	-12.3	10.1	9.5	- 5.9	15.3	15.7	+ 2.6
At All Private	7.3	7.2	- 1.4	5.7	5.8	+ 1.8	4.1	4.5	+ 9.8	7.1	7.1	-

Source: CPS; 1978, 1982.

Participation rates generally increase as family income increases. Approximately half of the individuals from families with income over $30,000 attend college. Only a quarter to a third of the individuals from families under $10,000 attend college. Overall, there was little change in participation rates between the two years. In 1978, 29.4 percent of high school graduates who had not graduated from college were attending the first four years of college. The proportion increased to 29.9 percent by 1982.

However, the disparity in participation rates between higher- and lower-income groups was more pronounced in 1982 than it was in 1978. Families with under-$20,000 incomes were less likely to send their children to college in 1982 than in 1978, while higher-income families became more likely to send their children to college.

In 1982, white individuals aged 18-24 were more likely to be in college than was the case in 1978. A similar trend exists for Hispanic individuals over this period. Black participation rates, however, actually declined between 1978 and 1982. In 1982, the least likely to be in college were Hispanic individuals, with the probability for black enrollment slightly higher. White individuals continued to be the most likely to go to college.

Among the population aged 18-24 who were dependent on their parents for financial support, a slightly lower proportion were enrolled in 1982 than were enrolled in 1978. That is, 41.7 percent of the college-eligible population aged 18-24 was enrolled in 1982, a 1.7 percent decline from the 42.4 percent who were enrolled in 1978. Participation rates of the non-minority population changed little over the period, from 43.2 percent to 42.9 percent. Hispanic participation rates declined from 31.6 percent to 31.2 percent. Black participation rates dropped most sharply from 35.6 percent to 31.5 percent.

Enrollment of independent individuals aged 18-24 increased 12.3 percent between 1978 and 1982. This percentage rise is accounted for by the increase in white independent students, as the enrollment of both Hispanic and black independent individuals declined between these years.

It is helpful to compare participation rates by three institutional sectors: two-year public, private, and public four-year schools. There was a strong increase in the participation rates of students going to two-year public schools between 1978 and 1982. In contrast, the proportion of students attending private colleges did not change. At the same time, there was a modest increase in the proportion of students going to four-year public colleges. Since 1978, most of the relative growth in student enrollment has been the lowest cost, public two-year sector.

These participation rate findings are consistent with the results obtained from the analysis of how college costs are met. The data show a greater family financial burden associated with college attendance in 1983 than in 1978. This burden was relatively greater for minority families than for white families. The participation rate data for dependent individuals, who more closely resemble the first-time, full-time freshmen respondents in the CIRP data, indicate that a smaller proportion of this subpopulation attended college in 1982 than in 1978, with the biggest declines evident among the generally lower-income minority groups. While there are many reasons for going or not going to college, this analysis is consistent with the purely economic argument that a college education is becoming more expensive and that lower-income individuals, among whom the black and Hispanic college-eligible population is concentrated, need more financial and educational assistance to overcome the barriers to a college education.

4.8 CONCLUSION

> This study suggests enrollment in college was more difficult to achieve in 1983 than in 1978. Further research is necessary to determine if students are trading down from more to less expensive schools and from enrollment to non-enrollment. That appears to be the most logical explanation from results obtained here on the increasing family burden, shrinking contribution of student aid and the decreasing probability of enrollment for lower-income students. The apparent decline in equity in the distribution of student aid may be keeping minority members of the population from being able to attend college.

The evidence that is presented in this paper is consistent with the hypothesis that lower-income students are finding it more difficult to attend college. Costs of attendance are increasing even after student aid is taken into consideration. Student aid going to the lowest-income groups in our society has not kept pace with inflation. Assistance going to middle-income students has increased.

The result appears to be that individuals are more likely to go to lower-cost schools, reflected by the increase in the enrollment share going to two-year public schools. The other and perhaps more distressing conclusion is that the lowest-income groups in the U.S. are less likely to go to college now than in 1978. The erosion of participation rates is most noticeable for the black population, the group with the lowest median income of the three groups analyzed here.

As black college participation rates have declined, Hispanic participation rates have increased. Even though the Hispanic college-going rate still lags behind the black rate, the difference is only slightly more than one percent. There has been an increase in Hispanic enrollment in both two-year and four-year schools, while black participation rates have declined in all sectors.

The groups showing an increase in participation rates are those students from families with over-$30,000 annual income and independent students. In both cases, the increase is accounted for by increases among white students, which offset the declines among Hispanic and black students.

There appears to be less equity today than there was in 1978. Students from higher-income families are more likely to go to college than they were in 1978 and students from lower-income families are less likely to attend.

The changes in participation rates are only partially attributable to federal student aid policy. The residual effect of inflation followed by unemployment-reduced income, especially for lower-income groups, is another factor. Not analyzed here are other factors that influence the college-going decision. However, given the increasing proportion of minorities in the college-age group, minority enrollment would have to increase just to sustain a constant participation rate.

The evidence points to the need for increasing student financial assistance, especially grant aid, aimed at the lowest-income population. This renewal of the nation's commitment to help provide access to college for the poor looms as an increasingly important goal as the young minority population becomes a more significant factor in America's future.

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APPENDIX A

STUDENT AID ANALYSIS METHODOLOGY

This appendix provides greater detail on the data sources and methodology used in Section 3.0 of this study.

Data Sources

The Cooperative Institutional Research Program (CIRP) of UCLA annually samples first-time, full-time freshmen to determine, among other questions, their sources of support. This survey is the only means available for assessing this question. Unfortunately, CIRP data require careful interpretation because of methodological limitations of the survey. Except for the case of the traditionally black schools, no attempt is made to weight the sample by the minority status of respondents. Secondly, a low participation rate in CIRP by two-year colleges results in responses from these schools being weighted rather heavily. Furthermore, Hispanic-origin students are represented in the survey only by those who claim Puerto Rican or Mexican heritage. Other Hispanic-origin students are grouped with Asian and other heritage students. There is great diversity within this population. The cumulative effect of these limitations is under-representation of black students, and more significantly, Hispanic students in CIRP. Consequently, the data reported here are presented only as an indication of how minority students pay for college. More definitive research is needed on this question.

Data on the proportion of college-eligible individuals who attend college by family income level and origin are available from the October surveys of the Census Bureau. Believed to be more reliable as a source of information on minority students than CIRP, the Census October survey tends to undercount enrollment at two-year schools. This is more applicable for earlier years than for more recent years. However, the proportions of individuals reported here appear to be consistent with information collected by other means. The analyses conducted on how students pay for college and the proportions of various subpopulations enrolled in college attempt to minimize the effects of these limitations.

Methodology

Students report in CIRP the support they receive from 18 different sources. These include own savings, in-school earnings (including CWS), spouses, federal, state, institutional and private (non-family) funds. Students also specify an amount as being the family contribution.

The family contribution amount reported by students is considered the least reliable figure. Much of a family's contribution to the cost of college may be an in-kind contribution, e.g., housing, food, clothing. Students are least likely to be able to judge the value of the family contribution. They are more likely to know what they have earned and saved. In addition, student aid is a subject of correspondence, making it likely that the student will know the amounts involved. No such corroboration exists for the family contribution amount.

Consequently, this analysis used an imputed figure for the family contribution, the current net price. That is, the current net price is taken as the remainder after all grants and loans are subtracted from the institutionally-reported cost of attendance. This operational definition may result in overstatement of the family's actual contribution. However, the imputed current net price is thought to be generally more accurate than are the student reports.

Cost of attendance is reported on the Department of Education-issued public use tape. The cost figure is imputed based on average costs developed by the College Scholarship Service (CSS). The cost reported for each survey respondent is the average cost calculated by CSS for that type of student (dependent or independent; resident, commuter or living at home) at the student's institution. Non-resident students are credited with a fixed cost of living even though they may pay nothing for room and board. This tends to raise the reported cost of education. Nevertheless, it is consistent with the practice followed by the Department in setting individual aid awards. In any case, students' actual costs may vary considerable around the reported average cost.

Current net price is a measure directly related to the standards the Department uses in determining student eligibility for student aid. Aid awards are a function of the family's ability to pay and the cost of education.

The data on current net price are reported in calculated dollars related to the average student in an income class. This was done in a three-step procedure. First, students were classified according to their CPI-adjusted family income stated in 1983 dollars. At this point, the cost of education and amount of support reported on each student record was also adjusted to reflect inflation. Second, the current net price was calculated for each student record. These products were aggregated to determine the mean net price. This step yielded, for each income class, the net price to the family unit as a whole.

Statement of net price as a percentage of cost can be difficult to interpret as the pattern of education costs differ for families at different income levels. As a result of this difference, a third step was taken. The percentage of costs calculated in the second step was recalculated into dollar terms. This last step allows presentation of the data in a manner that reflects simultaneously a family's ability to pay and the cost of their child's education.

Other investigations using CIRP data for 1978 and 1983 as well as other years suggest that family income is related to the family burden (Lee, 1983). That is, higher-income students tend to go to higher-priced schools than do lower-income students. Further, since grants and loans generally are distributed on the basis of family income, the remaining net price should show changes more than proportional to income changes. The CIRP by-income data has an insufficient number of respondents in each income level cell for Hispanics to be used in analyzing this question. However, to a limited degree, race and Hispanic-origin can be used as a proxy for family income levels based on the income distributions of these subpopulations. It can be assumed that aggregations of white, Hispanic and black students will generally have average family incomes with the white students being wealthier than Hispanic students and with black students having the lowest family income.

TABLE B-1

WHITE, BLACK AND SPANISH ORIGIN POPULATION IN U.S.
BY REGION AND STATE
For 1980, in Thousands

Region and State	White	Black	Spanish Origin
Total	188,372	26,495	14,609
Regions			
Northeast	42,326	4,848	2,604
North Central	52,195	5,337	1,277
South	58,960	14,048	4,474
West	34,890	2,262	6,254
States			
Alabama	2,873	996	33
Alaska	310	14	10
Arizona	2,241	75	441
Arkansas	1,890	374	18
California	18,031	1,819	4,544
Colorado	2,571	102	340
Connecticut	2,799	217	124
Delaware	488	96	10
Dist. of Columbia	172	449	18
Florida	8,185	1,343	858
Georgia	3,947	1,465	61
Hawaii	319	17	71
Idaho	902	3	37
Illinois	9,233	1,675	636
Indiana	5,004	415	87
Iowa	2,839	42	26
Kansas	2,168	126	63
Kentucky	3,379	259	27
Louisiana	2,912	1,238	99
Maine	1,110	3	5
Maryland	3,159	958	65
Massachusetts	5,363	221	141
Michigan	7,872	1,199	162
Minnesota	3,936	53	32
Mississippi	1,615	887	25
Missouri	4,346	514	52
Montana	740	2	10
Nebraska	1,490	48	28
Nevada	700	51	54
New Hampshire	910	4	6
New Jersey	6,127	925	492
New Mexico	978	24	477
New York	13,961	2,402	1,659
North Carolina	4,458	1,319	57
North Dakota	626	3	4
Ohio	9,597	1,077	120
Oklahoma	2,598	205	57
Oregon	2,491	37	66
Pennsylvania	10,652	1,047	154
Rhode Island	897	28	20
South Carolina	2,147	949	33
South Dakota	640	2	4
Tennessee	3,835	726	34
Texas	11,198	1,710	2,986
Utah	1,383	9	60
Vermont	507	1	3
Virginia	4,230	1,009	80
Washington	3,779	106	120
West Virginia	1,875	65	13
Wisconsin	4,443	183	63
Wyoming	446	3	24

Source: U.S. Bureau of the Census. 1980 Census of Population, Vol. 1, Chapter 8.

TABLE B-2

MEDIAN FAMILY INCOME IN CONSTANT 1982 DOLLARS
BY RACE AND SPANISH ORIGIN
1972-1982

Year	Spanish Origin	Black	White	Spanish Origin Family Income as Percent of White Income	Black Family Income as Percent of White Income
1972	$8,183	$6,864	$11,549	71%	59%
1973	8,715	7,269	12,595	69	58
1974	9,540	8,006	13,408	71	60
1975	9,551	8,779	14,268	67	62
1976	10,259	9,242	15,537	66	59
1977	11,421	9,563	16,740	68	57
1978	12,566	10,879	18,368	68	59
1979	14,169	11,574	20,439	71	57
1980	14,716	12,674	21,904	67	58
1981	16,401	13,266	23,517	70	56
1982	16,227	13,598	24,603	66	55

Source: U.S. Bureau of the Census, Statistical Abstract of the United States, 1984, Table No. 763, p. 463.